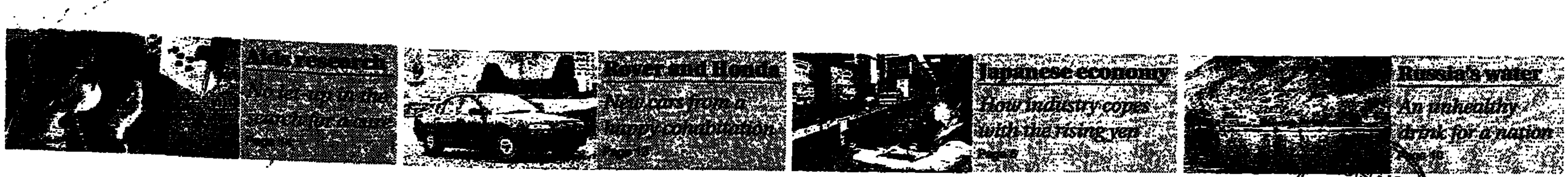

FINANCIAL TIMES

Europe's Business Newspaper

WEDNESDAY APRIL 7 1993

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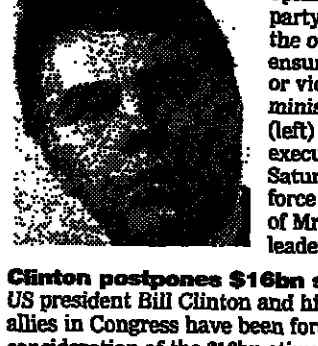
Italian steel group chief in corruption probe

The head of Italian civil engineering company, Cimolai, which last year controversially won the contract to supply steelwork for the new £300m ($426m) Severn Bridge in the UK, is under house arrest following allegations of corruption. A British Conservative MP has asked for an official investigation into the Italian company. Page 16; Italy's Andreotti calm, Page 16

Spanish Socialist power struggle:



A power struggle inside Spain's ruling Socialist party has spilled into the open, virtually ensuring clear defeat or victory for prime minister Felipe González (left) when the party executive meets on Saturday. It could force the resignation of Mr González as party leader. Page 16

Clinton postpones $16bn stimulus bill: US president Bill Clinton and his Democratic allies in Congress have been forced to postpone consideration of the $16bn stimulus spending bill. Page 4

EC tobacco fraud inquiry: The European Commission has been asked to prepare a report on the suicide last week of a senior official implicated in EC tobacco fraud. Page 2

European air fares may fall: The recent European air fares row is a rare sign that competition and recession may be able to cut costs in Europe's expensive airline network. Page 16

GE Capital, the fast-growing financial services arm of General Electric of the US, made a recommended cash offer for TIP Europe, the trailer rental company. Page 17. Meanwhile, a Spanish court ordered General Electric to pay compensation after 20 people died after treatment from faulty cancer equipment in 1990.

Hata spurns foreign ministry: Tsutomu Hata, leader of a rebel faction in the ruling Liberal Democratic party, refused the job of Japanese foreign minister, apparently because his role in a domestic political reform campaign was more important. Page 6

Japan sends senior trade envoy to US: One of Japan's most senior trade officials, Noboru Hatakeyama, vice-minister for international affairs, went to Washington in another attempt to ease trade tensions before the arrival of Kiichi Miyazawa, the Japanese prime minister, later this month. Page 5

HK governor defends reforms: Chris Patten, governor of Hong Kong, defended his democratic reform proposals for the colony, indicating that they were part of "the minimum values" which Britain could not honourably abandon. Page 7

French trawler captain fined: The captain of a French trawler, which abducted three British naval officers in an Anglo-French fishing row, admitted fishing in illegal waters and other charges in the UK and was fined £3,750 ($5,700).

Russia aims for IMF accord: Russia will try to conclude a standby agreement with the International Monetary Fund by October, Alexander Shokhin, deputy prime minister, said. Page 3

IBM launches bid: International Business Machines, the world's largest computer manufacturer, is launching a full bid for the French computing services company Compagnie Général d'Informatique. The bid values the computing services company at just over FFr2.5bn ($460m). Page 17

Copper under pressure: Copper, the one London Metal Exchange-traded metal to stay buoyant in the recession, came under severe selling pressure. Page 26

Isosceles: The UK's Gateway food retail chain is to be "ring-fenced" from most of the £1.4bn borrowing obligations of its parent Isosceles as part of a restructuring under which Gateway Foodmarkets will be managed through a new holding company, Gateway Holdings. Page 17; Lex, Page 16

Shuttle launch aborted: The launch of shuttle Discovery, on a mission to study the earth's thinning ozone layer, was halted 11 seconds before blast off from Cape Canaveral, Florida. Page 4

Unita agrees to new peace talks: Unita, Angolan rebel movement, has agreed to attend UN-sponsored peace talks with the government in Abidjan, Ivory Coast, on Monday.

STOCK MARKET INDICES

FT-SE 100:	2832.2	(-6.6)
Yield	4.03	
FT-SE Eurotrack 100	1147.43	(+11.28)
FT-A All-Share	1389.2	(-0.2%)
Nikkei	19,486.80	(-272.56)
New York: lunchtime		
Dow Jones Ind Ave	3384.05	(+4.86)
S&P Composite	441.88	(-0.61)

US LUNCHTIME RATES

Federal Funds:	$3\frac{1}{16}$%
3-mo Treas Bills: Yld	2.971%
Long Bond	$101\frac{1}{2}$
Yield	7.001%

LONDON MONEY

3-mo Interbank	$5\frac{15}{16}$%	(6%)
Liffe long gilt future:	Jun $106\frac{5}{16}$	(Jun $105\frac{23}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (May)	$18.86	(19.055)

Gold

New York Comex (June)	$339.3	(341.0)
London	$338.15	(339.15)

STERLING

New York lunchtime:		
$	1.5147	
London:		
$	1.514	(1.521)
DM	2.4425	(2.4275)
FFr	8.2675	(8.2325)
SFr	2.255	(2.2475)
Y	172.5	(172.75)
£ index	79.7	(79.6)

DOLLAR

New York lunchtime:		
DM	1.611	
FFr	5.455	
SFr	1.4877	
Y	114.1	
London:		
DM	1.6125	(1.5955)
FFr	5.46	(5.4125)
SFr	1.489	(1.4775)
Y	113.9	(113.55)
$ Index	65.1	(64.7)

Tokyo close Y 114.28

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft172	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira30	Spain	Pta200
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr15.00	Sweden	SKr15
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50
France	FFr6.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L7000
						UAE	Dh11.00

Moslem leaders prevent evacuation of Srebrenica

By Laura Silber in Sarajevo and Robert Mauthner in London

LOCAL MOSLEM authorities yesterday again prevented a United Nations relief convoy, which reached the besieged eastern Bosnian town of Srebrenica with food and medicines, from evacuating refugees.

The trucks were turned away empty despite approval for the evacuation from Mr Alija Izetbegovic, Bosnia's Moslem president, and Moslem leaders in nearby Tuzla, where thousands of refugees have already been taken.

UN High Commissioner for Refugees officials say they want to evacuate another 15,000 people from Srebrenica, where the population has swollen to 60,000 after an influx of refugees from surrounding areas occupied by the Serbs.

In Sarajevo, meanwhile, Bosnian military commanders boycotted a top-level meeting with their Serb and Croat counterparts on the first anniversary of the siege of Sarajevo, in protest against the continuing Serb offensive in the Srebrenica region. General Sefer Halilovic, the commander of the mainly Moslem Bosnian army, said he could not participate in such a meeting amid "the unbelievable continuation of the aggression in Srebrenica".

However, delegations from the Bosnian Croatian Defence Force, the Bosnian Serb army, the rump Yugoslav army and the Croatian army all turned up as promised and the meeting went ahead without the top Moslem commanders. But General Ratko Mladic, the top Bosnian Serb commander, did not himself attend.

UN officials have billed the talks as a vital step towards an overall settlement of the Bosnian conflict on the basis of the peace plan drawn up by Mr Cyrus Vance and Lord David Owen, the international mediators.

However, Gen Philippe Morillon, the UN military commander in Bosnia, played down the significance of the meeting. He said the problem of Srebrenica was the most important item on the agenda of yesterday's talks.

There were more promising developments in Geneva, where Croatia and rebel Serbs from the self-styled Serbian republic of Krajina signed a ceasefire accord yesterday ending two months of conflict in the disputed Krajina enclave.

But Mr Slobodan Jarcevic, the "foreign minister" of Krajina, said the agreement would not come into effect unless Serb deputies approved it at a special session next Saturday.

Under the agreement, Croatian forces would withdraw behind a 1992 ceasefire line, which they overran in January to reclaim positions they say are vital to the Croatian economy.

The Serbs, for their part, would return heavy weapons to UN control, and ethnically mixed "pink zones", previously policed by the Serbs, would also be placed under the control of the UN.

In Rome, Italy said it would take command of an international patrol on the River Danube to prevent oil and other strategic goods from reaching Serbia.

Daimler-Benz profits to fall by up to 30 per cent

Another 15,000 jobs may go as production is scaled back

By Christopher Parkes in Stuttgart

DAIMLER-BENZ, Germany's biggest industrial group, is heading for a further fall in profits of between 25 and 30 per cent this year, Mr Gerhard Liener, finance director, said yesterday.

The group expects to cut 15,000 jobs in 1993, following the loss of 18,000 jobs last year, and production plans have been pruned.

"The German economy's nosedive has been picking up speed at a rate that has surprised even hardened pessimists," said Mr Edzard Reuter, chairman. The slowdown was set to continue, he added.

"In other words, we must face up to the fact that 1993 is going to be even harder than the second half of 1992."

Net earnings would be driven down to about DM1bn ($600m), compared with DM1.45bn in 1992, Mr Liener said. In the first quarter, earnings would be considerably lower than the DM480m for the same period last year.

Mr Reuter said group sales in the first quarter had already fallen 25 per cent, on the same time last year. The decline was due exclusively to a steep drop in vehicle sales.

Plans for car production had been cut by 43,000 to 486,000 units, he said. Commercial vehicle output would fall 27,000 to around 250,000.

Mercedes-Benz, the vehicles subsidiary which usually accounts for two thirds of group sales and in 1991 provided 80 per cent of earnings, has been especially hard hit by the domestic recession.

The division's earnings last year dropped almost 60 per cent to DM849m on marginally reduced turnover of DM66.48bn. Most German vehicle factories would work for only five months in the first half of this year and short-time working was being considered for the second half.

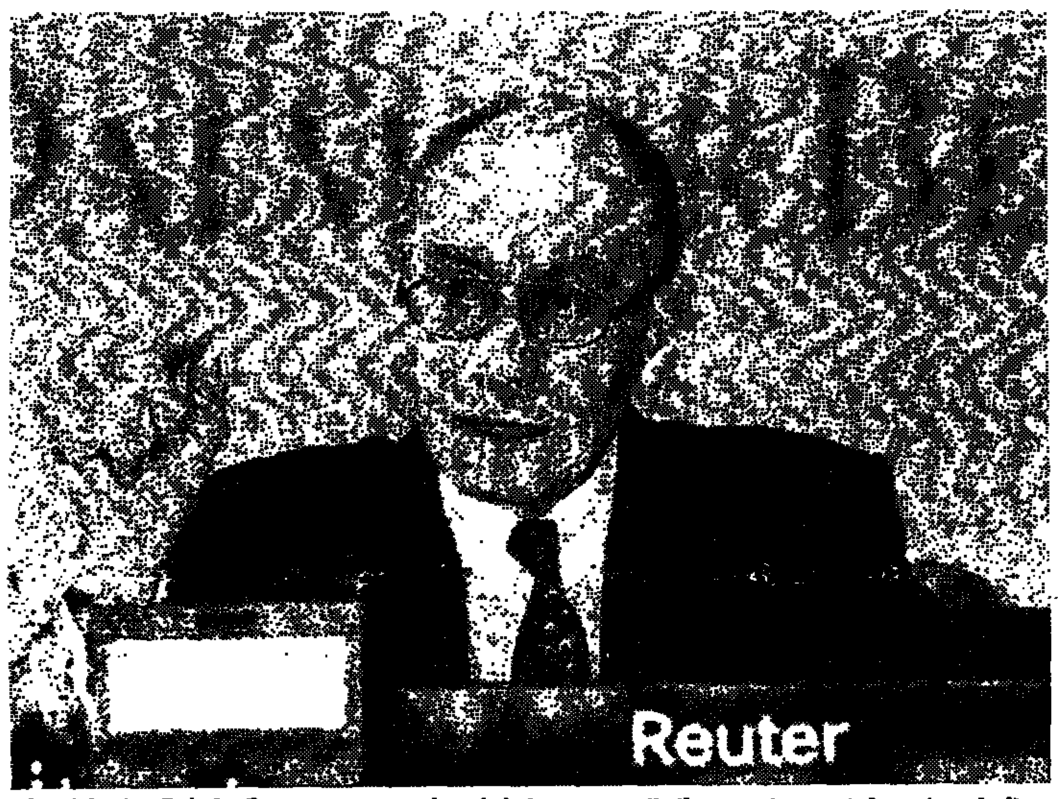
Daimler, which also includes the DASA aerospace business, AEG electrical and electronic engineering, and the Debis software and financial services division, had shown encouraging growth in the first half of 1992, Mr Liener said.

But then it tumbled into "acute losses" which were cushioned only by the first full consolidation of the Airbus aircraft business, which last year earned DM411m net.

DASA, which last year turned in a DM341m loss, including a DM500m provision for staff cuts, is expected to show a considerable improvement this year, Mr Liener said.

AEG, which in 1992 earned just DM10m after DM624m losses in the previous year, would probably slip back into the red. However, Mr Liener expected a speedy return to profit as restructuring took effect.

Despite the sharp drop in group sales so far, Mr Reuter said he expected turnover for the full year more or less to match 1992's DM98.5bn.



Edzard Reuter, Daimler-Benz management board chairman, unveils the group's expected earnings decline

Profits dream dashed, Page 17
Mercedes tackles Japan, Page 17

Shell UK plans to extend life of Brent field

By James Buxton, Scottish Correspondent, in Aberdeen

SHELL UK yesterday unveiled a £1.3bn ($1.96bn) engineering project to extend the life of the Brent field in the North Sea by more than ten years. The five year project will add the equivalent of a medium-sized gas field and a small oilfield to the UK's hydrocarbon reserves.

The new project should extend the life of the field from the originally projected run-down date of 1998 to about 2010.

The project, which received UK Department of Trade and Industry approval yesterday, involves progressively lowering the pressure in the Brent field to release large quantities of gas and some oil which are currently unrecoverable. This will be achieved by big modifications to the four platforms in the Brent field.

The increased recovery from an existing field which the project entails is in line with the government's objectives. In last month's budget it announced the lowering of petroleum revenue tax and a sharp reduction in tax allowances for oilfield exploration and appraisal.

Dr Chris Fay, managing director of Shell UK Exploration and Production, said in Aberdeen yesterday the project had been planned over the last three years and he had been "as surprised as everyone else by the budget changes". Though the Brent project would benefit from the changes, their effect on Shell Expro's North Sea operation was "basically neutral", he said.

The Brent field, off Shetland, is the biggest field producing both oil and gas in the North Sea and was one of the earliest to be developed. Like others operated by Shell Expro it is owned by Shell and Esso in a 50-50 joint venture.

It currently produces 13 per cent of the UK's oil and 10 per cent of its gas, but its oil production peaked in 1985 and some 73 per cent of the recoverable oil has been produced.

It will add 34m barrels of oil to Brent's recoverable reserves, bringing them to 1,976m barrels, and will boost the field's recoverable reserves of gas by 1.5 trillion cubic feet, bringing them to 5.5 trillion cu ft.

When the field is abandoned around 55 per cent of its oil and 80 per cent its gas will have been recovered. From the turn of the century gas will be the dominant production and as this happens processing will be greatly simplified, cutting operating costs.

Shell Expro says this type of project, to lower the field's pressure, has never been carried out anywhere in the world on this scale.

It explained that gas is currently locked into the oil by the high pressure at which the field is operated. "When the pressure is lowered the gas comes out of the solution," the company said.

The five year project will be completed in 1998.

Ethical view counts against female auditors, says study

By Andrew Jack and Diane Summers in London

WOMEN IN US accountancy firms are more moral than their male counterparts but are less likely to reach senior positions which would allow them to influence the conduct of their firms, an academic study suggested yesterday.

Female auditors in five of the six largest US accountancy firms were significantly more moral than men and were likely to make more ethical decisions as a result, two American academics told the annual academic conference of the British Accounting Association in Glasgow.

The academics measured moral judgment using tests which assessed responses to fictional ethical accounting and auditing problems.

Women in UK accounting firms and industry were sceptical about the claims yesterday. Ms Yve Newbold, Hanson company secretary, said women were undoubtedly more ethical "but it doesn't follow that if you cheat you're more likely to get to the top". Perhaps male and female influences were needed in business – "the robust, creative accountants, and also the more ethical, cautious approach".

Mr Richard Bernardi of the State University of New York and Mr Donald Arnold of Union College analysed data from psychological tests on 494 managers and seniors in accountancy firms.

Mr Arnold said the women were more likely to be sensitive to signs of fraud and "red flags" or problems thrown up by audits. He said they were more likely to blow the whistle to regulators over irregularities and to interpret professional ethical codes of conduct by the spirit rather than simply the letter.

Mr Bernardi said accountancy firms ran the risk of becoming less moral over time, because predominantly male partners with low moral values tended to promote like-minded individuals.

He said the solution would be to either increase the promotion prospects for women into more senior positions, or to increase the retention by the firms of more moral male employees from the lower ranks.

Ms Emma Lubbock, who has been a partner with Price Waterhouse for seven years, agreed yesterday that there were differences in the ways men and women worked, but said she had never seen any difference in ethical standards. Women tended to be less interested in office politics and more geared to results, she said.

Ms Sheila Masters, a senior partner with KPMG, said she found the results of the research "incredible". There were no observable differences in the way men and women did their jobs. While there were few women currently at the top in accountancy, a new generation was coming through, she said.

At the conference, Mr Bernardi called on accountancy firms to review hiring, evaluation, retention and promotion policies to assess any unwanted bias that existed in their organisations.

In a separate test, they identified that women had a more "external locus of control" than men, meaning that they believed outcomes were more based on luck than being within their own direct control.

CONTENTS

NEWS: EUROPE

Forlani aide held as Italian arrests mount

By Robert Graham in Rome

ITALY yesterday experienced another day of spectacular developments in corruption scandals with arrests in Milan, Naples and Rome involving more leading figures in politics and business.

The most prominent political arrest was that of Mr Gaetano Amendola, the private secretary and economic adviser to Mr Arnaldo Forlani, the former head of the Christian Democrat party.

Mr Forlani himself was advised on Monday that he was under investigation for alleged receipt of L1.2bn ($710,000) as a kickback on a roads contract near Florence. The contract was negotiated through Mr Giovanni Prandini in 1991, when the latter was minister of public works. Yesterday Mr Forlani's private secretary was arrested on the same charge, while Mr Forlani denied that he had received any funds. Investigations into illicit payments to obtain road contracts have now involved all the major parties.

Last week it was revealed that Rome and Milan magistrates had prepared a dossier on Mr Prandini alleging that through Anas, the state roads authority, he had collected a total of L25bn in kickbacks.

In Milan yesterday, a major development emerged in the two-month inquiry into Eni, the state oil concern. Magistrates announced six arrest warrants had been issued for executives in Eni subsidiaries, Snam (gas supplies) and Saipem (pipelines), for alleged falsification of accounts.

The first arrest announced was that of Mr Goffredo Giuliani, deputy chairman of Metanopoli, the property development company of Snam. The second was of Mr Carlo Fiore, a board member of Saipem.

Mr Giuliani is also managing director of Snam and has been involved in a big gas supply deal with Algeria. Milan magistrates are investigating alleged payments of bribes to foreign intermediaries and political parties on foreign gas contracts as well as more general use of Eni subsidiaries for alleged illicit funding of political parties. This has led to the arrest of four top Eni executives including Mr Gabrieli Cagliari, the chairman.

In Naples magistrates announced a further unravelling of the links between politicians and businessmen over expenditure related to the 1990 World Cup football competition, a new mass transit system, the city's public transport corporation and the main local health authority.

For the first time this involved local politicians of the neo-fascist MSI-DN party which has its strongest base in Naples. Magistrates issued 19 arrest warrants.

In another development, the family of the prominent southern Christian Democrat politician, Mr Ciriaco de Mita, became further embroiled in the scandal of the misuse of funds for the 1980 Irpinia earthquake. Mr Francesco Scarinzi, Mr de Mita's brother-in-law, was arrested yesterday on charges of alleged extortion and L1.2bn of his assets were seized.

Yesterday also saw the first evidence of magistrates investigating the huge investments planned for a high-speed train network in Italy.

Danes to press for EC law on works councils

By David Gardner in Luxembourg

THE DANISH presidency of the EC yesterday made clear its determination to push for the setting up of mandatory works councils in large trans-European companies.

This is one of the Community's most controversial pieces of draft social legislation.

After talks among employment and social affairs ministers, it became clear that Britain - the only member state opposing the measure - will have to fight to dilute its content, or see it passed by its 11 partners, assuming that the Maastricht treaty and its social protocol come into force later this year.

If the works council directive were passed by the 11, British companies would still be among those most affected. According to British calculations, more than 100 UK companies have operations in continental Europe which are large enough to fall under the requirements of the directive for their operations outside Britain.

If the UK were party to the scheme, more than 300 companies would be affected, a fifth more than in Germany and three times more than France.

Denmark wants agreement among the 11 by June, in an effort to demonstrate to its sceptical voters that the EC can deliver social standards comparable to its own. If the UK wishes to stay detached from the measure, as it did from the Maastricht social chapter, the works council requirements would go through without the British if and when the treaty is ratified.

If Denmark itself ratifies Maastricht in its referendum on May 18, the works council issue could itself become embroiled in the tangled process of British parliamentary ratification of the treaty.

The directive would oblige companies employing more than 1,000 workers in more than one of the EC's 12 member states, and with more than 100 employees in at least two of them, to set up elected works councils. They would have to be consulted on issues such as job changes, new technology and investment plans and relocation of business.

During the recent controversies over alleged "job poaching" in the relocation to the UK of production by Hoover in Burgundy and Digital from the west of Ireland, Mr Jacques Delors, president of the European Commission, pledged a new effort to get the works councils directive into EC law.

The Commission believes cases like Hoover and Digital would be less inflammatory with obligatory consultation of the workforce, denying companies the chance to play one set of employees off against another.

Wanted: new life for single market

By Andrew Hill in Brussels

THE European Commission believes the single European market could lose momentum and credibility unless new ways are found to build on the achievements of the past seven years.

Commissioners spent most of yesterday discussing how to develop the internal market and to boost European business and industry.

A spokesman said the Commission was concerned at the way the single market - aimed at easing the movement of people, goods, services and capital across EC frontiers - was no longer seen as an important issue across the Community.

Commissioners stressed the first aim was to adopt the few measures outstanding from the original 1985 single market programme, which is 95 per cent complete, and to make sure that what had been adopted was implemented and functioning properly.

At the same time, the Community should press for the lifting of remaining controls on travellers at internal EC borders, politically the most sensitive of the single market objectives and the most difficult to achieve.

The EC's executive is itself seeking new purpose in the aftermath of the symbolic single market "deadline" of January 1, 1993.

A woman eats food scavenged from rubbish in a Sarajevo street. Despite UN convoys, Bosnia's besieged capital remains short of food

Italian new car sales plunge by 21%

By Haig Simonian in Milan

NEW CAR sales in Italy, Europe's second biggest market, were down almost 21 per cent last month compared with March last year. Demand was hit by the recession and price rises for some imports.

The 20.8 per cent plunge, in March sales to 189,940 units was the eighth monthly fall since August.

The decline is likely to rekindle friction between domestic and Japanese manufacturers which have increased sales. Sales by Nissan soared 90 per cent to 4,372 from 2,301 in March 1992 thanks largely to new models from the group's UK plant. Honda sales rose by nearly 9 per cent, while Toyota rose fractionally.

Japanese exports and transplants still account for less than 5 per cent of the market. However last week's agreement between the European Community and Japan on import levels for this year, which allowed a 17.5 per cent rise in Japanese exports in Italy, was criticised by some motor industry executives.

The drop brings Italian car sales into line with trends in Germany, France and Spain, where demand for cars has fallen heavily recently.

Probe on tobacco fraud death agreed

By Andrew Hill in Brussels

THE European Commission has been asked to prepare a report on last week's suicide of a senior official implicated in EC tobacco fraud.

Members of the European parliament said yesterday senior Commission officials had agreed to submit a report to a meeting of the parliament's budgetary control committee next month.

MEPs want the report to say how the Commission became aware of alleged fraud in the tobacco sector in 1990, what they did about it, and whether such problems could recur.

Mr Antonio Quatraro, an Italian, who was in charge of the EC's tobacco regime until July 1990, took his own life last week just days before the final hearings in an internal disciplinary procedure on the alleged fraud.

Mr John Tomlinson, a British Labour MEP and member of the budgetary control committee, said the disciplinary proceedings centred on allegations that Mr Quatraro was paid to encourage a cartel of tobacco traders. He allegedly endorsed the sale of large lots of unwanted Italian and Greek tobacco to the cartel, which then sold it to developing countries and former Soviet bloc nations, and benefited from Community export refunds.

Mr Tomlinson and Mr Terry Wynn, another British Labour MEP who follows the workings of the EC's costly tobacco subsidy regime, said there was nothing to link Mr Quatraro with the Mafia, as has been alleged in some reports.

Mr Tomlinson said the tobacco case was "a fairly routine sort of problem" and the budgetary control committee really wanted to draw attention to the EC's "inherently flawed and inherently corrupt" common agricultural policy, and ensure that the Community closed off opportunities for abuse.

Mr Quatraro was moved from his job at the head of the tobacco regime in July 1990 after a French newspaper reported rumours about fraud in the sector.

E German workers search for voice

Easterners are caught in a union fight with employers, writes Judy Dempsey

A POIGNANT reminder of the tensions underlying the unification of the two Germanies occured yesterday when Mr Erwin Hein, Saxony's regional head of Gesamtmetall, the metal and electrical employers' association, resigned.

Mr Hein, an easterner, spent last Sunday afternoon holding talks with Mr Hasso Düvel, a westerner and head of the Saxony branch of IG Metall, the engineering union, and Mr Kurt Biedenkopf, the premier of Saxony. After several hours of talks in the premier's office in Dresden, they claimed they had reached a compromise aimed at averting an all-out strike over a pay dispute among eastern Germany's metal, electrical and steel industry.

But the compromise did not substantially differ from what was agreed between west German employers, east German managers, and IG Metall in March 1991. That contract stipulated that east German wages in the metal, electrical and steel industry would reach west German levels by April 1994. That meant a pay increase of 26 per cent this year for metal and electrical workers, and 21 per cent rise for the steel sector.

On Sunday, Mr Hein said the employers agreed to pay the 26 per cent rise, which would bring wages levels to about 82 per cent of western German levels. In return IG Metall agreed to postpone full wage parity by nine months.

But Gesamtmetall's headquarters in Cologne said it would stick to its 9 per cent offer, and added that Mr Biedenkopf had already offered a similar deal a fortnight ago, which the employers rejected.

Increased seasonal work cut unemployment in Germany last month to 3.3m, against almost 3.5m in February, writes Ariane Genillard in Bonn. The unemployment rate in the west stood at 7.2 per cent in March, down from 7.5 per cent the previous month. In the east, increased activity in the construction sector led to a slight improvement, though the unemployment rate was still 15 per cent.

Short-time work continued to rise. Nearly 20,000 more people were on short-time in the west in March, bringing the total to slightly over 1m. In the east, employees on short-time work increased by 11,000 to 246,000.

The failed attempt to break the deadlock between both sides suggests that IG Metall remains determined to go ahead with strikes in all three sectors by the end of the month. However, this failure to seek a compromise underlines the different aims of the west German employers and unions in east Germany.

Gesamtmetall and Arbeitgebverband Stahl, the steel employers' association, whose recent decision to exercise their legal right in pulling out of the 1991 contract is one of the reasons for the planned strikes, say they cannot afford high wages in the east because of the recession.

Their main argument, however, is that western companies will not invest in the east if labour costs do not reflect productivity levels. Eastern German wages are about 70 per cent of west German levels, but productivity is 70 per cent below. This means that unit labour costs are about 75 per cent above west German levels. Estimates show that east Germany's wage bill this year will exceed the region's gross domestic product of DM201bn (£85.1bn) by DM47bn.

To counter this argument, IG Metall says migration from east to west Germany will continue unless skilled workers are paid to remain in the east.

Economists at the Kiel Institute for World Economy, and the Berlin Institute for Economic Forecasting (DIW), have consistently argued that without pay restraint in the east, economic recovery will not occur.

Despite repeated warnings about the cost of high wage claims, both sides in the east German pay dispute now think each has a hidden agenda. IG Metall believes the employers in the west want to use the east as a means of breaking collective wage bargaining, first in the east and later in the west. The employers believe IG Metall is using the east as an attempt to maintain high wage levels, not only in the five new states, but in west Germany as well.

Sandwiched between the two sides are 300,000 metal and electrical workers, and 20,000 steel workers, who so far, have not produced political and economic elites or leaders capable of articulating the interests of east Germans.

IG Metall officials yesterday nearly admitted as much. "The easterners interests are clear. They do not want to strike. They want job security first and higher incomes later," a west German official said.

Yet he added, rather cynically, that if they lose their jobs after getting their 26 per cent rise, they will at least get higher unemployment benefit. It is, as one economist said, time for the east Germans to defend their interests.

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CONTRACTS & TENDERS

NEWS: EUROPE

High hopes in Russia of IMF accord

By Leyla Boulton in Moscow

RUSSIA will try to conclude a standby agreement with the International Monetary Fund by October, Mr Alexander Shokhin, deputy prime minister, said yesterday.

While admitting that "anything could happen", Mr Shokhin claimed that Russia could conclude a standby deal, setting tough conditions for further IMF balance of payments of assistance, within the next six months. This would happen, he suggested, if the central bank and finance ministry pursued "responsible policies", which would depend on President Boris Yeltsin receiving appropriate support in a referendum due on April 25.

Mr Shokhin, who concluded Russia's debt rescheduling with western creditor nations in the Paris Club last week, said the rescheduling could go ahead even if no standby deal was achieved. He said the Paris Club agreement would be followed by a similar deal with the London Club of commercial bank creditors by July. Anticipating the results of the London Club talks, he said Russia would only have to pay $3bn to service debts this year, including $2bn to the Paris Club, and $1bn to all other creditors.

The debt rescheduling deal, although the biggest chunk of assistance granted so far to Russia, continued to go largely unnoticed in Moscow yesterday. Like most of the anti-Yeltsin press, a spokesman for the Russian parliament focused on criticising the $1.6bn US aid package given to Russia at the Vancouver summit on Sunday.

"The promised aid of $1.6bn is of course a noble deed," Mr Konstantin Zlobin, said. "But we know that aid in the form of money handouts usually disappears into a black hole or gets into the hands of wheeler-dealers who bank the money in the west."

In a front page headline, Sovietskaya Rossiya described the $1.6bn as "light baggage" and elsewhere accused President Clinton of "political madness" in backing President Yeltsin. Like most of the critics which claim they resent aid, Pravda added that it was far too little, amounting to "just $10.98" per Russian citizen.

The latest meeting of a round table organised by the government and parliament to try to find solutions to the country's economic problems showed how elusive a consensus remains. Vice President Alexander Rutskoi, who is on parliament's side in the conflict with President Yeltsin and the government, said the young radicals in the government had to be sacked before agreement was possible.

Armenia battles on two fronts

Steve LeVine reports on the heavy burdens of conflict and economic collapse

AS it fights Europe's "other war", a five-year-old conflict with neighbouring Azerbaijan, Armenia has begun a politically risky programme to revive the ex-Soviet Union's worst economy.

The draconian programme, coming during a second winter with no heating, little electricity and an all but paralysed industry, may be inviting trouble. Since the Soviet Union broke up a year ago, hostile crowds have already forced out the neighbouring governments of Azerbaijan and Georgia.

But, says Armenia's 35-year-old prime minister, Mr Hrant Bagratian, "there is no other way out. Otherwise, all the population is going to die. We are a bankrupt country."

While battling back from the same economic collapse that struck all 15 former Soviet republics after the empire's disintegration, Armenia faces an enormous additional problem. That is its undeclared war with Azerbaijan, a territorial dispute that, with some of the same brutality as former Yugoslavia, shows no sign of ending soon.

Before the conflict, more than 80 per cent of Armenia's natural gas and other needs were sent through Azerbaijan. Azerbaijan has since blockaded Armenia. Another route, through Georgia, has been interrupted by conflicts to the north. Efforts to find a Turkish route have been hampered by its long enmity with Armenia.

The result has been almost a complete shutdown of Armenia's 450 factories. Homes are lit for just two hours a day, and the sole heat is produced by wood-burning stoves – tree stumps lining the highway into the capital of Yerevan testify to the population's desperate quest for warmth.

Not that Armenian shelves are bare. If one has the money, Yerevan's private farmers' market has the best selection of vegetables and fruit in the region. A syndicate-run bistro that locals call the "Mafia Restaurant" serves patrons grilled beef and sturgeon, brought fresh several times a week from the Caspian port of Astrakhan. And at the Georgian border, Armenian black marketeers buy natural gas or petrol from tankers with fuel from southern Russia, then sell it at a steep mark-up; 20 litres of petrol costing 4,500 roubles (£4.70) in Georgia bring 7,000 roubles and more in Yerevan.

Tens of thousands of Azeri civilians are fleeing through treacherous mountain tracks from fierce fighting which continued yesterday between Azerbaijan and Armenia, the United Nations High Commissioner for Refugees said yesterday, Reuter reports from Geneva.

Many people, especially women and children, were dying from cold in the snow-bound passes, according to UNHCR representatives in the area. The exodus follows an offensive by Armenian forces apparently aimed at driving a second corridor from the trans-Caucasian republic to the largely-Armenian inhabited enclave of Nagorno-Karabakh inside Azerbaijan.

Azerbaijan called yesterday called for international sanctions to punish Armenia for the offensive which has captured a tenth of Azeri territory.

Mr Bagratian's economic programme is meant to normalise Armenia's economy, and bring fuel and food delicacies to the average home. Armenia possesses few resources, but does have a well-trained work force. And, though landlocked, it is well situated, at the crossroads of the Caspian Sea nations of Iran and Azerbaijan and the Black Sea countries of Turkey and Georgia. The roads go north to Russia, east to Central Asia and south to the Gulf. Mr Bagratian's prescription is to reopen factories quickly. The programme makes no apologies about ignoring Armenian households – Mr Bagratian admits he is betting that relief over returning to work will overshadow the continued discomfort of cold and dark days. In five years or so, when the war may be over, he hopes there will be plenty of light and heat, as well.

Natural gas shipments of 1.5m cm a day resumed after the pipeline from Georgia – terrorists had blown it up for the fourth time in a month – was repaired. One-quarter of daily needs, the gas was enough to reopen 45 factories, or about 15 per cent of industrial capacity, the government says. The 1993 goal is to restart 55 per cent of industrial capacity.

Comparisons are difficult to avoid between Mr Bagratian and Russia's former prime minister, the combative Mr Yegor Gaidar. With the support of Russia President Boris Yeltsin, Mr Gaidar embarked on a tough, ambitious economic programme that, in addition to antagonising conservative leaders, angered the public. In December, Mr Yeltsin finally jettisoned his economic pilot.

Mr Bagratian, whose exacting and abrupt style contrasts sharply with Armenia's usual lax and emotional leadership, confronts at least as difficult a task as did Mr Gaidar.

In looking to the long term, Armenia has almost concluded an $57.4m (£40.4m) agreement with the European Bank for Reconstruction and Development to finish a 300mw oil-and-gas-fired electricity unit at Harazdan, 25 miles from Yerevan, the government says.

Even when the unit is completed, Mr Bagratian still faces a tremendous problem where will he get fuel to run it?

Talks on Ukraine's missiles at dead end

By Chrystia Freeland in Kiev

NEGOTIATIONS between Ukraine and Russia over the future of the nuclear weapons on Ukrainian territory have reached a "dead end", Ukraine's President Leonid Kravchuk said yesterday.

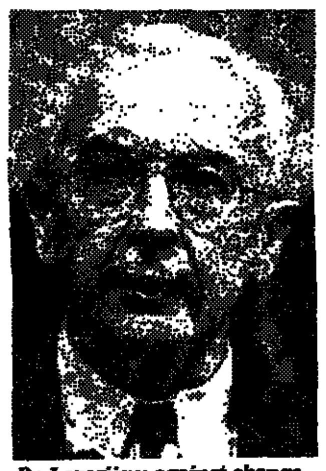
To resolve the stalemate, he has suggested to Russian President Boris Yeltsin that the issue be discussed by the Ukrainian and Russian prime ministers. Mr Leonid Kuchma, the Ukrainian prime minister, was formerly director of the largest missile factory in the world which produced the SS-18 and SS-24 missiles now in Russia.

Mr Kravchuk rejected Russia's accusation that Ukraine had ambitions to be a nuclear power. However, Mr Kravchuk reaffirmed Ukraine's claim to ownership of the strategic nuclear missiles on its territory. The alternative favoured by Moscow – granting Russia ownership of the Ukrainian missiles – was "unacceptable", Mr Kravchuk said because Ukraine could not permit a foreign military presence on its soil.

French debate central bank's regulatory role

By David Buchan in Paris

FRANCE'S debate on how to give its central bank autonomy in setting monetary policy – as required by the Maastricht treaty – has got under way with the Banque de France and the powerful Trésor department of the finance ministry taking opposing sides on the future of the central bank's other roles in regulating commercial banks, their solvency and liquidity.



De Larosière: against change

In a banking newsletter, Mr Jacques de Larosière, governor of the Banque de France, said he saw no reason to change the present system in which the Commission Bancaire, with the aid and close supervision of the Banque de France, controls commercial banks. "The central bank regulates the liquidity of the banking system, which gives it [the central bank] a crucial importance in tracking the performance of commercial banks," he said.

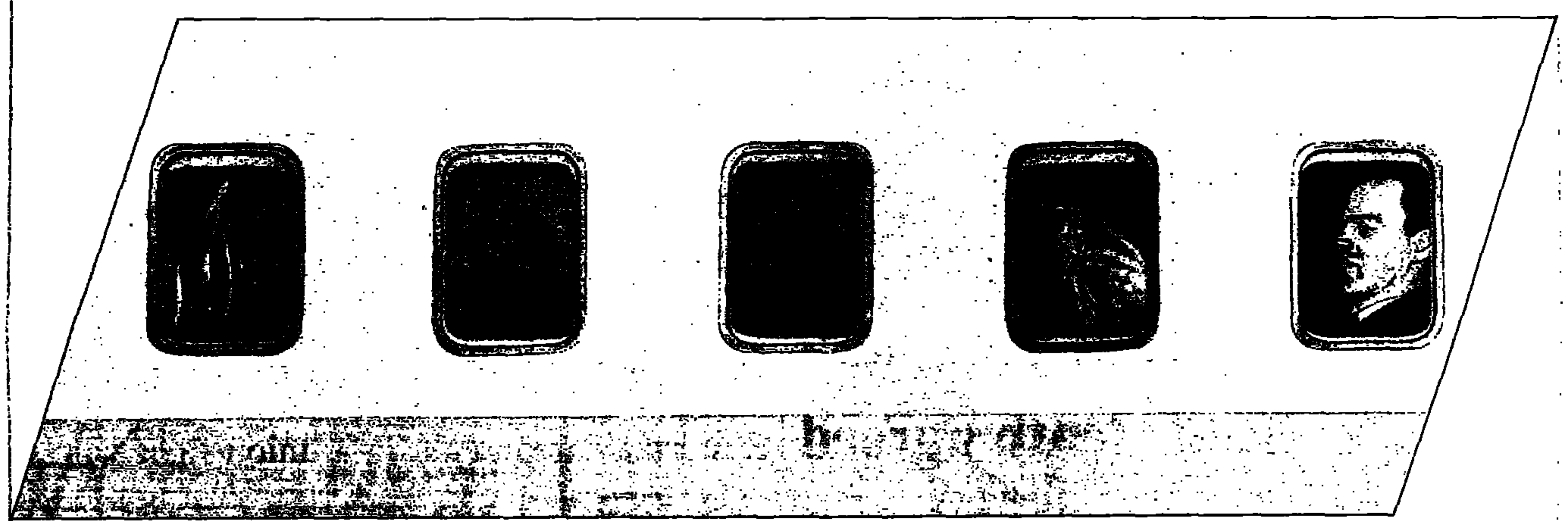
Even in Germany, where supervision of commercial banks formally lies with an office in Berlin separate from the Bundesbank, the German central bank had a department which keeps an eye on the banking sector.

By contrast, officials at the Trésor have been quoted in the press as suggesting that, if France does not adapt the German system, the Banque de France might find itself faced with a conflict of interest. If, for instance, the central bank, as lender of last resort, had to provide emergency liquidity to a commercial bank in trouble, it might undermine its own monetary policy.

Any paring down of the Banque de France also worries leaders of the central bank's 18,000 employees. They have sought – and won – from Mr de Larosière assurances that he will try to maintain the central bank's role.

Many of the key elements – such as the security of tenure for board members of an independent central bank – are set in the treaty of Maastricht, and are therefore in the brief which the prime minister, Mr Edouard Balladur, last Friday gave his finance minister, Mr Edmond Alphandéry, to prepare a draft statute on the Banque de France's future.

On Friday, Mr Balladur spoke of giving the Banque de France "a very broad autonomy". The fact that he did not use the word "independence" has been interpreted by some as indicating that he intends to let the central bank keep a banking supervision role, which in contrast to the area of monetary policy, would still be subject to government influence.



NEWS: THE AMERICAS

Clinton forced to postpone $16bn stimulus spending bill

By George Graham in Washington

PRESIDENT Bill Clinton and his Democratic allies in Congress have bowed to the immovability of Senate Republicans and agreed to put off consideration of the president's $16bn (£11.2bn) stimulus spending bill until after the two-week recess.

Senator George Mitchell, the Democrats' leader in the Senate, and Senator Robert Byrd, chairman of the appropriations committee, have been given the go-ahead by the White House to negotiate with their Republican counterparts on a compromise that might allow the bill to come to a vote.

Although the Democrats have enough votes to pass the spending package, they lack the three-fifths majority required under the Senate's eccentric rules of procedure to shut off debate.

The Republican filibuster showed less physical endurance than past efforts to hold up legislation, such as Senator Strom Thurmond's record 24-hour speech against civil rights legislation in 1957.

Agreement to postpone President Bill Clinton's $16bn economic stimulus package allowed the Senate to clear up one critical piece of legislation that had been held up by the Republican filibuster: a measure to raise the legal ceiling on US federal debt to $4,370bn.

The US Treasury, which had been forced to delay debt sales to avoid breaching the previous ceiling of $4,145bn, yesterday held a $14.25bn sale of 52-week bills and announced another $22.4bn auction of 13 and 26-week bills for today.

Nevertheless it appears to have been effective, in forcing the Democratic majority to back off.

Mr Clinton said yesterday he was "working on a proposal that I think will address some of the legitimate expressed objections." But he remained pugnacious in tone, and it appeared unlikely that he would be willing to cut enough spending from the bill to satisfy the opposition.

He accused the Republicans of thwarting majority rule, and of political posturing. "It's just more gridlock and I think the people will rebel against it," Mr Clinton said.

Mr Clinton's problem in the Senate could be repeated in future. So long as the 43 Republicans remain united against him, the 57 Democrats will fall short of the 60 votes needed to break a filibuster – even in the unlikely event that they too remain united.

Party loyalties are rarely solid in the Congress, and especially not in the Senate. Indeed, Senator Richard Shelby of Alabama, though nominally Democratic, has voted so consistently against Mr Clinton that party whips are virtually discounting him when they count up likely votes.

But a number of other Democratic conservatives, especially from the south and west, are also potential defectors on several critical issues. They include Senator Sam Nunn of Georgia, Senator David Boren of Oklahoma, Senator Howell Heflin of Alabama, Senator Bennett Johnston of Louisiana and Senator Dennis DeConcini of Arizona.

Senator Robert Krueger of Texas, who was appointed to fill the seat vacated by Mr Lloyd Bentsen, now the treasury secretary, has also voted against the administration line, but some political analysts suggest he is trying to prove his independence before his by-election next month, and may prove more amenable in future, if he survives.

Republican party loyalty is generally stronger, but a number of centrist senators, including four from New England, have proved unreliable on occasion.

Fujimori hails result of power grab

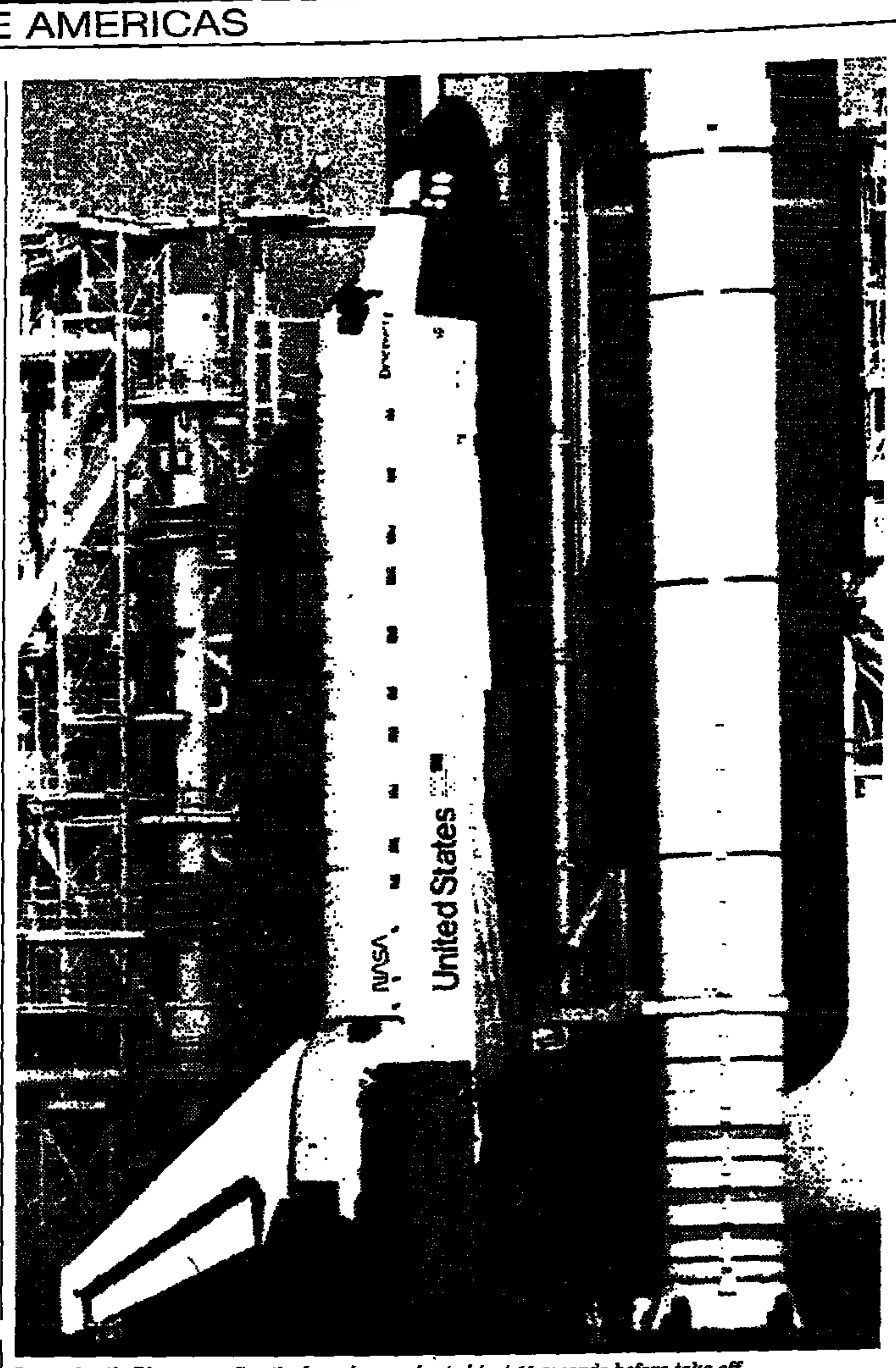
PRESIDENT Alberto Fujimori of Peru claimed yesterday that his closure of Congress and the courts exactly one year ago had made possible the capture and conviction of Abimael Guzman, leader of Shining Path, the Maoist guerrilla movement, AP reports from Lima.

Shining Path itself marked the anniversary by bombing a shopping centre in Lima's middle class district of San Luis, killing a security guard and shattering windows. The previous day guerrillas killed 11 members of the armed forces in the northern Andes.

Mr Fujimori, in a 20-minute television and radio broadcast, said Peru now presented an image of security for investors after the capture of Guzman and other high-ranking guerrilla leaders.

"For 10 years Guzman and his followers mocked the state and its institutions. . . . while the country filled up with its dead," Mr Fujimori said. "But now the most ferocious terrorism in the west is being defeated without a bloodbath."

Mr Fujimori said he planned his coup after he realised that a hostile opposition in Congress and the judiciary were blocking his efforts to combat terrorism and drug trafficking. He also rejected criticism that he was authoritarian. "I like results. Let the others strike poses," said Mr Fujimori, who was elected in 1990.



Space shuttle Discovery after the launch was aborted just 11 seconds before take-off

Second Shuttle launch aborted

By George Graham in Washington

THE US National Aeronautics and Space Administration yesterday had to abort its second space shuttle launch in two weeks after a last-minute malfunction, creating more frustration for an agency struggling to scale its ambitions and its overheads down to meet budget realities.

The launch of the shuttle Discovery was halted 11 seconds before lift-off after a warning that a valve had not closed. A fortnight ago, the shuttle Columbia's engines were shut off just 3 seconds before lift-off.

While the malfunction appeared to be relatively minor – another launch attempt has been tentatively scheduled for tomorrow – it follows a series of setbacks to the shuttle programme.

In addition, a faulty launch two weeks ago by General Dynamics' Atlas Centaur rocket, its third failure in eight attempts, has prompted the industry magazine Space News to warn of a "launch crisis on the horizon" if the government does not start serious work soon on a new launch system.

Nasa's 1994 budget, due to be published tomorrow, is expected to show an increase of around $1bn over this year's $14.3bn. However, the agency has been ordered by President Bill Clinton to redesign the costly space station to save money. Administration officials say Nasa has for years been overambitious.

Canute James on the daunting tasks awaiting Patterson

After Jamaica PM's easy election victory: now for the difficult bit

IN THE aftermath of the heady celebrations of the landslide victory of the People's National party in last week's general election in Jamaica, Mr P J Patterson, the prime minister, is likely to be quickly sobered when he reflects on the immediate tasks of his administration.

One is how to fire the lethargic economy of the island which has yet to react to the policies which Mr Patterson says are intended to stimulate growth.

Another is how to counter an outbreak of violent crime, including factional violence during the election campaign which caused 11 deaths. Related to that is reform to the island's electoral system dogged by administrative deficiencies and thuggery at polling stations.

Mr Patterson, who was sworn in at the weekend for a five-year term, has promised to continue the economic reforms started four years ago when the PNP ended nine years of government by the Jamaica Labour party of Mr Edward Seaga.

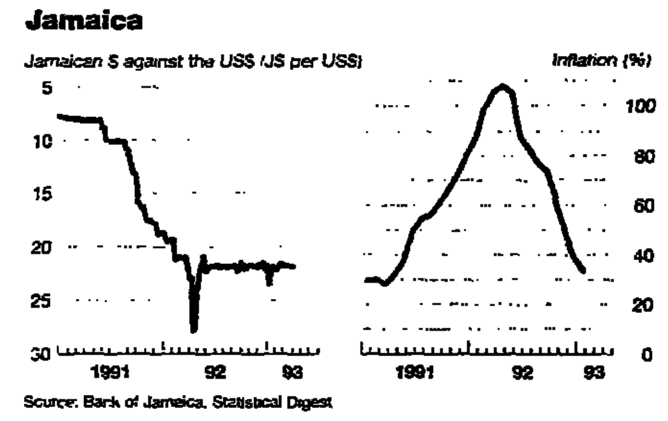
The programme has been based on extensive deregulation of the economy, including the sensitive foreign exchange market, and the divestment of state economic enterprises. The intention, the prime minister said, is to allow market forces a free hand and to reduce the government's involvement in the economy.

By all indications, Mr Patterson should not have had such an easy time of the election. The 2.3m people of the island have undergone painful dislocation because of the wrenching adjustment in the wake of the deregulation of the economy.

The floating of the Jamaican dollar 17 months ago led to a fall of 40 per cent against the US dollar. The depreciation, and earlier movements of the currency, pushed inflation to 105 per cent late in 1991.

The government applied various monetary measures to

Jamaica



Source: Bank of Jamaica, Statistical Digest

reduce liquidity and ease pressure on the Jamaican dollar, but a fleeting impression of stability for two months just over a year ago was shattered by another fall of 26 per cent after the resignation as prime minister of Mr Michael Manley.

A subsequent revaluation has brought some stability, with inflation last year at 17 per cent. But the majority poor of Jamaica have suffered most from the changes.

The government's efforts to eliminate the fiscal deficit and ease pressure on the exchange rate have led to cuts which have reduced the availability of social services such as health and education. Much of the island's physical infrastructure is in disrepair.

To have taken 55 of the 60 seats at stake in these circumstances represents no mean achievement. But Mr Patterson may be the first to admit, if only to himself, that he owes much to the disarray within the opposition Labour party. For the past two years Labour has been diverted by a split within the leadership, in which rebel MPs have tried to remove Mr Seaga, blaming his leadership for the party's electoral misfortunes.

Mr Patterson was also aided by the absence of any fundamental differences in the economic policies of both parties, in spite of Labour's contention that the PNP had gone too far and too fast in deregulating the economy.

Mr Seaga has indicated that he will reconsider his position as Labour's leader. Party spokesmen have said he will be stepping down to concentrate on private business. His successor will have a difficult task in rebuilding the shattered ranks of the constituency parties before mounting a credible challenge to the PNP in five years.

But in spite of the electoral debacle which has overtaken Labour, Mr Seaga, or his successor, may not be too envious of Mr Patterson. The PNP's landslide has raised hopes which the prime minister and his administration may not be able to fulfil. The prime minister has spoken, for example, of an intention to reduce unemployment, currently at 18 per cent, to 12 per cent over the next five years.

But there is no sign of the significant new investments which the government expects from economic deregulation. The traditional pillars – tourism, bauxite mining and refining, agriculture and light manufacturing – all depend on the health of the not very healthy industrialised economies.

Bankers and businessmen have suggested that the Jamaican dollar will come under pressure in the next few months. A currency depreciation would lead to price increases, and the blame would be placed squarely on Mr Patterson.

The prime minister has promised changes in the electoral system to make it more efficient and less prone to abuse and thuggery.

He will find it more difficult to curb other unsavoury aspects of Jamaican politics. In a country where party political passions run high, it does not take much for one faction to launch a crusade against the dogs of war of the other side.

Unless Mr Patterson and other political leaders can find ways to temper the zeal of their supporters, the prime minister may discover that the economic improvement, of which he speaks confidently, would be substantially devalued.

US assurance on Mideast

PRESIDENT Bill Clinton yesterday assured his Egyptian counterpart, Mr Hosni Mubarak, that the US would take a balanced approach to solving Middle East problems, Reuter reports from Washington.

At a joint news conference in the White House the US leader offered to be a "full partner in renewed peace talks. . . I am convinced that we share a common vision of a more peaceful Middle East." He believed "there is reason to believe we can make real headway."

The two men had earlier discussed a US proposal for the peace talks to resume on April 20 in Washington.

Some Arab diplomats have expressed fears that Mr Clinton might soften the approach followed by former President George Bush, who exerted pressure on Israel to comply with US wishes.

However, Mr Clinton assured Mr Mubarak that the US would not not tilt towards Israel, administration officials said.

The Egyptian leader sought to counter the damage that violent incidents by Moslem fundamentalists have had on his country's tourist trade, declaring that Egypt was not in danger.

Mr Mubarak also said yesterday that Egypt had "no definite information" on the bombing on February 26 of the World Trade Centre in New York. In an interview published on Monday, he claimed that the Egyptian intelligence services had supplied the US with general information that might have prevented the blast.

Prime Minister Kiichi Miyazawa may find less to laugh about in Washington later this month

Japan sends trade envoy on new mission to US

By Michiyo Nakamoto in Tokyo

ONE of Japan's most senior trade officials, Mr Noboru Hatakeyama, vice-minister for international affairs, has gone to Washington in another attempt to ease trade tensions before the arrival of Mr Kiichi Miyazawa, the Japanese prime minister, later this month.

Mr Hatakeyama is expected to reject a US proposal for quantitative measures to track market access in Japan but to discuss the possibility of increased procurement of US products.

The visit, described by the Trade Ministry as an unofficial follow-up to the trip made last month by Mr Yoshi Mori, Japan's trade minister, comes as several trade disputes between the two countries threaten to flare up again.

In particular, the Japanese authorities are considering measures against the US carrier Northwest Airlines, according to Mr Ihei Ochi, transport minister. The dispute centres on Northwest's exercise of rights to fly beyond Japan on three flights a week from New York via Osaka and on to Sydney.

The US-Japan aviation accord allows specific US airlines to fly to Japan and on to another destination. Tokyo has argued, however, that in doing so US airlines must not endanger the business of Japanese airlines.

Japan gave the US airline the go-ahead for the Osaka-Sydney leg of the flight on condition that it kept the proportion of passengers boarding at Osaka to 50 per cent or less.

The Transport Ministry said yesterday it was considering not allowing Northwest to board passengers in Osaka on one of its three flights out of the city to Sydney.

The US and Japan have been at loggerheads about the onward rights issue for some time. Talks in February to try to break the impasse were inconclusive.

Bank of Tokyo for Vietnam

By Robert Thomson in Tokyo

THE Vietnamese government has given the Bank of Tokyo approval to open a representative office in Ho Chi Minh City which the bank hopes will be a go-between for the increasing number of Japanese companies interested in trade and investment deals in Vietnam.

It will be the first Japanese bank to open an office in Vietnam if, as expected, the Finance Ministry in Tokyo also gives its approval.

The bank wants to tap into the flow of investment from Taiwan and overseas Chinese communities, who are particularly active investors in Ho Chi Minh City.

Japanese companies have targeted the country as a medium-term, low-cost site for component supply to manufacturing industry. Most Japanese joint ventures signed in the past three years have been in fisheries, agriculture and the oil industry.

● China has chosen Mitsubishi Heavy Industries (MHI), the Japanese heavy equipment maker, to provide a Y8bn (£46m) polyethylene plant for a site in Jilin province, in the north, which will supply farmers with plastic film for greenhouses and plastic food wrap.

Japanese heavy industrial companies have reported a sudden surge in demand from China, including steel orders running at three times the level of a year earlier, as a capital construction boom continues in coastal provinces in the north and south.

MHI said the plant will be capable of producing the full range of polyethylene resins, and will have an annual capacity of 100,000 tonnes.

Power plant makers revel in Asia

Andrew Baxter on capacity additions running at triple the 70s' rate

AMID the deluge of facts accompanying Asea Brown Boveri's annual results presentation last month was one nugget that spells business – and profits – for the world's contract-hungry power equipment suppliers.

According to Mr Göran Lindahl, the Swiss-Swedish group's executive vice-president for both Asia and for its power plants business, China and Hong Kong will be adding 12,000-15,000MW of new power capacity every year for the rest of this decade. That is the equivalent of Switzerland's entire installed power capacity.

Last week ABB underlined China's status as one of the world's more promising markets for power generating equipment by announcing it had won \$300m (£211m) of contracts to supply two separate combined-cycle gas turbine power plants to Guandong province.

The developing economies of Asia, and in particular China because of its sheer size, are looming large in the plans of the western equipment suppliers. Power capacity additions in Asia are running at triple the rate seen in the 1970s, while in western markets new capacity is being added at only two-thirds of rates seen 20 years ago.

For ABB, Europe's largest electrical engineering group, expanding its presence in the Asian market is particularly important. The company has just completed five years of trading since it was formed from the merger of Sweden's Asea and Brown Boveri of Switzerland.

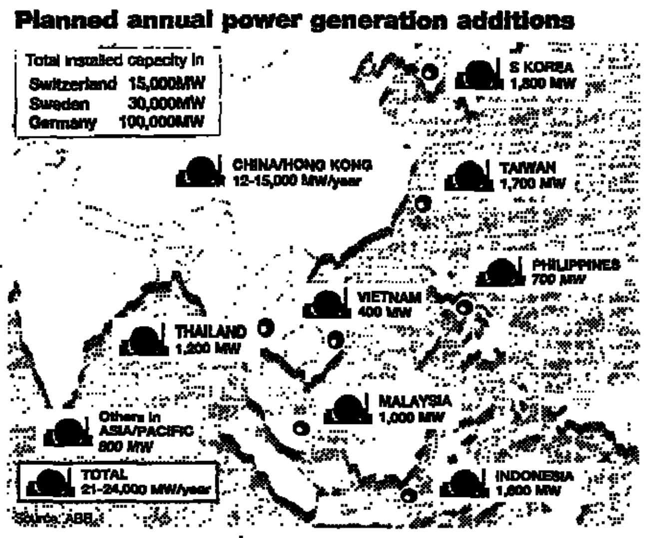
The result so far is a company that exudes technological and management competence but whose financial performance has yet to dazzle. The company has been hit badly by recession in several leading industrial countries and business sectors, and is still falling short of financial targets set by Mr Percy Barnevik, its president and chief executive.

Now both Mr Lindahl and Mr Barnevik are signalling clearly that they are stepping up recent efforts to build greenfield plants in Asia and form joint ventures in manufacturing, engineering and service.

Already, ABB has more than 20,000 employees in Asia and Australasia, and the region accounted for 21 per cent of its \$31.6bn total order intake last year.

But Mr Lindahl plans to spend \$1bn in Asia over the next five years to make sure ABB exploits the region's fast-growing economies and their demand for new power plants, related transmission and distribution equipment, and transportation equipment.

Planned annual power generation additions



Over the next five years, says Mr Lindahl, Asia, Australasia and the Gulf will rise from the current 17 per cent of ABB's total business volume to about one-third as European business falls back.

For ABB – and its big rivals General Electric, Westinghouse, GEC Alsthom and Siemens – the next few years are likely to witness considerable activity building on the joint ventures already concluded in Asia and forming new ones.

There are already dozens of deals linking western companies to developing country markets through manufacturing licences, technology transfer and component supply. ABB alone is talking to some 50 companies in the Asia-Pacific region about joint ventures.

A classic example of ABB's strategy is its deal announced in February with Hefei Transformer Works, based in Hefei City, about 280 miles west of Shanghai. A joint venture majority-owned by ABB, with HTW and the People's Construction Bank of China as the other owners, will make power transformers in Hefei City using technology and training provided by the European company.

The production capacity at Hefei will be more than trebled to 5,000MW a year, but there could still be several more deals like it, says Mr Lindahl.

In fact, spending \$1bn goes a long way in Asia because the bulk of investments will not be costly. There will be a lot of service shops and assembly works costing anything from \$1m to \$8m rather than \$50m-\$100m investments, says Mr Barnevik.

Getting the most out of Asia will be an important element in Mr Barnevik's ambitions to improve ABB's operating margins from the current lack-lustre 6.1 per cent last year to 10 per cent in a few year's time.

All ABB's rivals have much the same idea, however. GEC Alsthom, the Anglo-French group which is ABB's arch-rival in Europe, has a particularly strong track record in China and Hong Kong, and with GE of the US recently won the fiercely-contested \$1.25bn contract for the Black Point power station in Hong Kong.

This 2,500MW combined cycle station will be one of the largest in the world. But there are plenty more where that came from.

Clinton 'will seek Gatt deal authority'

PRESIDENT Bill Clinton will ask Congress in a few days' time for 10 more months to negotiate a successful end to the Uruguay Round of global trade talks under Gatt, according to Mr Günter Rexrodt, Germany's economics minister, Reuter reports from Washington.

He was speaking after his first meetings with the new Clinton administration, which reportedly offered assurances that the US was keen to secure an agreement. US officials had no immediate comment.

Mr Rexrodt said the US leader would ask to be given until December 15 to reach an accord under fast-track authority, which would give Congress three or four months to consider the entire package but would rule out amendments.

Congressional aides said they were awaiting the fast-track request, which was expected to be granted. In the opinion of European Community officials it would be impossible to make serious headway on restarting the talks until Mr Clinton had the authority to negotiate without congressional interference.

France offers oilseeds card

FRANCE is prepared to consider separately the oilseed part of the US-EC farm trade accord, a spokesman for Prime Minister Edouard Balladur said yesterday, Reuter reports from Paris.

"We can find a separate arrangement (on oilseeds) from the rest of the accord. That doesn't mean we will simply give in," he said after a meeting between Mr Balladur and French farm union leaders.

But he said the French government remained firmly opposed to the global Blair House farm trade agreement struck in Washington last November.

"We are not giving in on the global farm deal," he said.

Mr Balladur asked farm leaders to see him again on May 7, ahead of a meeting of EC foreign affairs ministers scheduled for May 10.

After the meeting French farm leaders said they were reassured by the new government's willingness to tackle farm issues seriously, although there was no mention during the meeting of a veto of the deal.

"I am convinced of the new government's seriousness but I am not capable of judging its decisions," said Mr Pierre Cormoreche, president of the permanent assembly of agricultural chambers (APCA).

Before France's elections at the end of March, the then opposition leader Mr Jacques Chirac declared that he would take a firm line on Gatt even if it meant sparking a crisis in the EC.

The US-EC farm deal is seen as one of the keys to a Gatt Uruguay Round agreement.

France's former Socialist government had threatened to veto the oilseed deal as well as the global farm trade accord.

If accepted by EC states, the accord would limit the EC's oilseed area to 5.13m hectares and cut by 21 per cent the volume of its subsidised farm exports.

Hata spurns foreign ministry

By Robert Thomson in Tokyo

WHEN THE job of Japanese foreign minister suddenly became vacant yesterday, Mr Tsutomu Hata, leader of a rebel faction in the ruling Liberal Democratic party, was offered the chance to sit at the top table with the Group of Seven leading industrial nations and turned it down.

Mr Kiichi Miyazawa, the prime minister, turned the need to appoint a foreign minister into a great opportunity to embarrass a political rival, as Mr Hata glumly explained that his role in a domestic political reform campaign was more important than the ministerial post.

After Mr Hata turned down the job, made vacant by Mr Michio Watanabe's resignation yesterday due to failing health, Mr Miyazawa offered it to another member of the Watanabe faction, Mr Kabun Muto, 66 – a former minister of international trade and industry and Mr Watanabe's recommended successor.

Prime Minister Miyazawa knew that Mr Hata, highly regarded by the public, would agonise over the decision, as Japan is to chair the G7 this year. Mr Hata would have been host to a meeting of foreign and finance ministers next week to discuss Russia, and taken a leading role in preparations for a July summit.

*Mr Watanabe, 69, was admit*ted to hospital yesterday suffering from a "a cold and overwork". It was the third time in a year he has had to seek hospital treatment, and he conceded that he was not fit enough to cope with a tough schedule in coming months.

The loss of Mr Watanabe will be a blow to Japanese foreign policy, as he is regarded a powerful operator within the ministry, capable of forcing the bureaucracy to react quickly. A European diplomat said: "Mr Watanabe was a man who could get things done, but I'm not sure the same could be said about his successor."


Kabun Muto: offered the job as Japan's foreign minister at 66

Rising yen adds urgency to 'post-bubble' restructuring

Robert Thomson on a 10 per cent appreciation in Japan's currency

WHEN the yen surged in recent days, the first shout of pain came from Japan's ruling Liberal Democratic party. It apparently second-guessed industry concerns by suggesting that the yen's strength would be high on the agenda for the Group of Seven industrialised nations.

With G7 countries more concerned about the rouble than the yen, the LDP idea was quickly rejected by Japan's ministry of finance and the Economic Planning Agency, and even by export industries, which have shown surprising calm as the yen has hit postwar highs each day on foreign exchange markets.

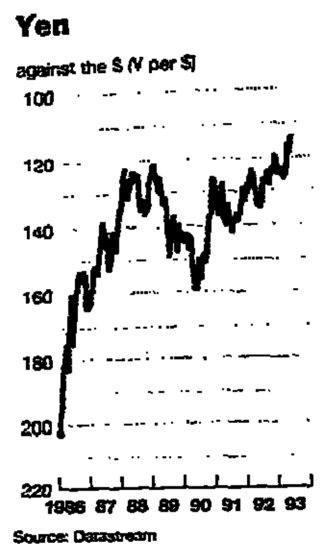
The Japanese currency has appreciated 10 per cent against the dollar since mid-January, and the trend has gathered momentum over the past week, prompting the Bank of Japan to intervene in the Tokyo foreign exchange market last Friday and on Monday to support the dollar.

By the reckoning of the EPA, a 10 per cent yen appreciation will lead to a 0.48 per cent contraction in gross national product. But it will also lead to a 1.3 per cent fall in consumer prices, thanks to lower costs for imported commodities.

In the short term, the EPA expects the current account surplus, a record $117.6bn (£82.8bn) last year, to rise, but higher export prices should mean a longer-term fall in the surplus.

The yen-dollar rate is of most concern to Japanese companies reliant on trade, as about 60 per cent of export contracts and 83 per cent of import contracts were denominated in dollars last year. But the Bank of Japan apparently intervened, not out of concern for the impact on these companies, but more because the bank wanted to stop what it saw as an unhealthy surge of speculative interest in the yen.

Mr Yasushi Mieno, the bank's governor, reflected the desire for calm when he said "exchange rates should reflect the economic fundamentals of a country and be stable". Given that Mr Mieno expects a Japanese recovery will come late this year, he saw the volatile movement of the yen, which hit Y113.30 to the dollar on Monday, as way out of line with the fundamentals.



For most Japanese manufacturers, yen appreciation is another reason to intensify restructuring programmes begun after the currency's sharp rise in the mid-1980s, inspired by the Plaza Accord in September 1985. Companies are relatively calm because the Y110 level was looming six years ago. Then the dollar rate hit Y120.45 and suddenly retreated, easing the pressure on export industries to find cheaper sites elsewhere in Asia.

The yen weakened until April 1990, when it reached a low of Y160.35, and began an ascent that continues. Curiously, the year 1990 also marked the low point, $35.76bn, for the current account surplus, which more than doubled in 1991 and rose another 61 per cent last year, prompting US officials to call for another strengthening of the yen.

EPA officials say the "bubble economy", the speculative excesses and rapid spending growth of the late 1980s, is to blame for the contradictory figures during that period – weaker yen, lower surplus, instead of the other way around. The bubble era also distorted the investment decisions of manufacturers, who had record increases in profits and miscalculated on forecasts for domestic demand, the cost of capital and return on domestic investment.

The result was that car and electronics manufacturers who should have put more low-cost factories in Thailand and southern China instead placed them in Kyushu, the southern island of Japan.

Manufacturers are stuck with high production costs and excess capacity at home, leaving them with an operating profit margin of less than 3 per cent for the year ended in March. In 1986, after the "yen shock" of the Plaza Accord, the average profit margin was 3.2 per cent, while the oil-shock affected low of 1975 was 4.5 per cent.

Mr Yutaka Sugiyama, an Asian region specialist at UBS Securities, said manufacturers could easily increase production capacity in south-east Asia at the expense of their domestic facilities: "But the question they must confront is what production are they going to leave for their workers in Japan? These foreign plants are, technically, very capable, but the companies have to find something for their workers to do."

Industry looks abroad again to cut costs

Michiyo Nakamoto on company views

THE relentless rise of the yen against the dollar has presented large sections of Japanese industry with a significant obstacle to recovery.

Exporters, such as motor vehicles, electronics and industrial machinery manufacturers which have drawn up business plans for the first half of the fiscal year at a currency rate closer to Y115-Y120 to the dollar compared with the Y114.28 at which it closed yesterday, are staring at the prospect of substantially reduced revenues if the trend continues.

Pioneer, the audio-visual manufacturer, says that it loses about Y800m with each Y1 rise in the yen's value against the dollar.

In addition to lower dollar-based earnings, the impact of the yen's rise is already being reflected in some areas in the reduced cost-competitiveness of Japanese industry.

Japanese vehicle manufacturers, for example, saw their share of the US market eroded in March by the need to raise prices to deal with the yen's rise. Sales of imported Japanese cars in particular fell 13.2 per cent.

Ishikawajima-Harima Heavy Industries says that customers are becoming less willing to pay for its ships in yen as they have traditionally done. "If Japanese manufacturers insist on yen-based payments, orders may go to the Koreans," an IHI representative says.

The adverse impact of the higher yen is thus focusing the minds of Japanese corporations on speeding up measures to cope with lower export revenues and reduced cost competitiveness.

Companies talk of accelerating the transfer of production overseas, greater efforts to procure components locally where overseas production exists and a possible rise in imports of foreign products which are more cost effective than domestic products.

The lessons of the previous period of *endaka*, or high yen, in the mid-to-late 1980s have already led most big companies that depend on exports to any large degree to move manufacturing overseas.

Sega, the video games manufacturer, says that 80 per cent of its video games sold overseas are also manufactured overseas. The company is able to offset the impact of a weaker dollar by the fact that 50 per cent of dollar-based revenues go towards dollar-based payments.

However, the trend to shift manufacturing outside of Japan is likely to see a renewed surge with the further rise of the yen, with China and other low-labour-cost areas increasingly popular choices for investment.

Aiwa, which already manufactures 65 per cent of its products overseas, says that if the Japanese currency continues to strengthen it will have to consider moving more production out of Japan.

Chiyoda, the plant manufacturer, procures 60 per cent of its components used in overseas manufacturing locally, but believes it will have to raise that level further.

Meanwhile, the yen's rise could trigger a greater willingness to look overseas for components which raise companies' cost competitiveness at home.

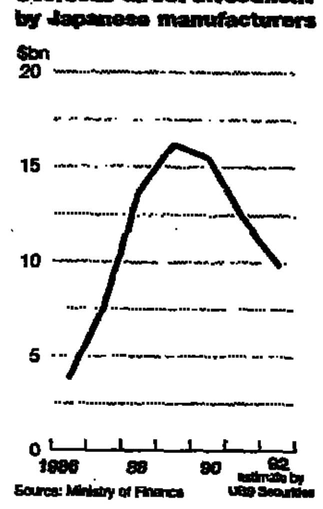
IHI said yesterday it would increase the proportion of imported components in its aircraft engines from 50 per cent to 70 per cent in an effort to reduce costs.

These measures will no doubt serve to soften the impact of the yen's surge. But they are by no means aimed solely at dealing with it. Japanese companies faced with a persistent domestic slump and weak markets elsewhere have already been working on reducing overall costs.

"The main strategy is to have competitive products that will sell even if we have to raise prices," says a representative of Nikon, the camera and precision instruments maker.

The rise of the yen, he says, "will put pressure on Japanese companies to invest more in technological advances to raise their international competitiveness. That is not only a response to *endaka*, but the way forward."

Overseas direct investment by Japanese manufacturers



Patten defends Hong Kong democratic reforms

By Robert Mauthner, Diplomatic Editor

MR CHRIS PATTEN, governor of Hong Kong, yesterday defended his much-maligned democratic reform proposals for the colony by indicating that they were part of "the minimum values" which Britain could not honourably abandon.

In a speech to the Royal Institute of International Affairs in London, Mr Patten said a credible though not necessarily completely democratic Legislative Council (Legco) was part of "the framework of the rule of law" to which both Britain and China had subscribed in their 1984 Joint Declaration.

"The minimum value that we should hold on to is that the last election under British rule (in Hong Kong) should be clean and fair and not rigged. Should we allow the bottom line to be moved every time people disagree with us?"

In spite of his attachment to bottom lines, however, the governor said Britain did not want to impose solutions on the Hong Kong people which they did not themselves favour.

"Our position remains as it was. We don't wish to go further than the people of Hong Kong wish to go, but also not less far than they want."

He also continued to adopt a flexible attitude towards the Chinese government and professed to be puzzled by Beijing's refusal to hold early face-to-face talks with Britain.

There was no disagreement between the two sides that the talks should be between the present and future sovereign powers in Hong Kong, Britain and China, nor was there any dispute over holding them in Beijing. As far as Mr Patten was concerned, they could start "this afternoon."

The governor was well aware that such talks would be "extremely difficult indeed." Nevertheless, they would offer the Chinese the opportunity of explaining "what they would like to do about the 1994 and 1995 elections (for district councils and the legislative council)."

"I hope that talks can start very soon and in a spirit of sincerity by both sides," Mr Patten said. However, if the Chinese did not agree to direct talks, his proposals for democratic reforms would be put to Legco. Mr Patten once again declined to fix a deadline for submitting the reform plan to the council.

Pakistan's prime minister faces toughest political test

Cabinet rifts and a strained relationship with the president are weakening Mr Sharif, writes Farhan Bokhari

WHEN Prime Minister Nawaz Sharif came to office two and a half years ago, he was seen as a strong leader who would survive the intrigues of Pakistani politics and complete his five-year term of office, unlike two predecessors who were sacked at mid-term.

Believed to be a protege of Pakistan's powerful president, Mr Ghulam Ishaq Khan, and politically influential army generals, Mr Sharif brought a new agenda of economic reforms. However, new rifts within the cabinet and signs of a strained relationship with the president have raised concerns over the prime minister's ability to carry on.

Yesterday, dissent deepened with the resignation of the minister of state for economic affairs, Mr Sardar Asseff Ahmed Ali. Mr Ali, the fourth cabinet minister to quit within a week, accused Mr Sharif of incompetence in handling foreign policy and the economy.

He said there had been a "wide front failure" in foreign policy which had isolated the country from the world, and charged the government with failure to clamp down on alleged terrorists who had come to Pakistan from other Islamic countries. Mr Ali accused Mr Sharif of failing to revive the economy – a charge which hit at the heart of the prime minister's political agenda, and at a sensitive time with the budget deficit expected to exceed the government's target by a wide margin.

Some senior officials saw the recent departures as creating the most difficult crisis of Mr Sharif's political career.

The previous ministerial resignations, as well as that of a federal government adviser, were in protest against nomination of Mr Sharif by supporters as president of the ruling Pakistan Muslim league, in an effort to strengthen his position.

In addition, the provincial finance minister of the North Western Frontier Province who was seen as the prime minister's protege was sacked last weekend by the chief minister, a supporter of the president.

The latest rift began in January, when the president set aside Mr Sharif's advice and appointed General Abdul Waheed as chief of army staff, one of the most powerful positions in a country ruled by the military for more than half of its independent existence since 1947.

The president has the power to appoint the army chief through powers under the eighth constitutional amendment introduced by the late military dictator, General Zia ul Haq, which also enables the president to dissolve the national assembly and call fresh elections in the national interest. Mr Khan used that power to dismiss Ms Benazir Bhutto's government in 1990 on charges of corruption.

"The general's appointment brought simmering differences out in the open," said one senior official.

In response, Mr Sharif announced his intention to change the amendment, giving more powers to his office.

"If you really want to establish the authority of the parliament and respect to the mandate given to the prime minister, the eighth amendment to the constitution will have to undergo a change," he said.

President Khan responded by saying it was his duty to defend the constitution of which the amendment was a part. Cabinet ministers close to Mr Sharif said privately that the prime minister had become frustrated as he found the constitution undermining his authority.

The governors and chief ministers of at least three of the four provinces as well as some senior bureaucrats loyal to the president, were subverting Mr Sharif's authority by maintaining direct contact with the presidency, they added.

"The prime minister wants to take charge and press ahead with his plans, but is just not able to do so in the present set-up," said one official close to Mr Sharif.

After last week's build-up of dissent, Mr Sharif was told by cabinet ministers that he must end confrontation with the president. In response, he held a 90-minute meeting with Mr Khan, and shortly afterwards announced that his government would back the president for a second term in office, in presidential elections due in November. Privately, some officials admitted, the prime minister had assured the president that he would not press ahead with his plans to repeal the 8th amendment.

Although officials close to Mr Sharif say that the differences with the president have been resolved, dissidents within his party are trying to gather support for a vote of no confidence. So far, prime ministerial aides are confident that the dissent will not broaden to the extent that Mr Sharif would lose his majority in parliament.

However, an aide to one of the dissidents said, "It doesn't take long for dissent to spread, especially when elected members fear that if they don't get rid of the prime minister now, they may all have to pack up and go home after the assemblies are dissolved."

However, most diplomats believe Mr Sharif will continue in office because of support from his home province, the Punjab – where he was chief minister – and because there are few alternatives.

The two hijackers who forced a China Southern Airlines Boeing 757 carrying 204 people to Taiwan yesterday are taken away by police at Taipei's main airport. The men, armed with pistols, had stormed the cockpit of a Beijing flight bound for the southern Chinese city of Shenzhen. The aircraft returned to China, but the hijackers, who asked for political asylum, remained in custody.

Victoria seeks to trim deficit

By Kevin Brown in Sydney

THE CONSERVATIVE government of Victoria, Australia's second most populous state, yesterday announced 17,800 public sector redundancies in a tough economic statement designed to narrow the state's budget deficit.

The redundancies, to be implemented by June, follow the loss of more than 14,000 public sector jobs since the conservative Liberal/National party defeated the former Labor government in October.

Mr Alan Stockdale, state treasurer (finance minister), also announced a A$247m (£121m) tax increase and spending cuts of A$731m by June 1995, bringing total spending cuts since the election to A$1.2bn.

Mr Stockdale said the cost of the redundancies would raise the 1992-93 budget deficit to A$2.454bn from A$2.345bn, compared with A$1.6bn last year. He said the budget would return to surplus in 1994-95.

Mr Stockdale said harsh measures had been forced on the government by the financial profligacy of the former Labor government.

"I think people realise that there is no choice. If we defer dealing with the mess that the Labor party left behind, then in two or three years' time the spiral of debt that follows from the deficit will force us to make even bigger cuts," Mr Stockdale said.

Most cuts will fall on health, social and education services, in growing demand due to the sluggish economy and industrial restructuring.

S Korea to probe chaebol power

By John Burton in Seoul

THE South Korean government said yesterday it will investigate unfair trading practices by the country's large conglomerates, or *chaebol*.

The announcement by Mr Han Lee-hun, the chairman of the Fair Trade Commission, indicated that the new government of President Kim Young-sam will use anti-trust laws as its main weapon to curb the economic power of the *chaebol*.

In a meeting with senior officials from the country's 30 largest *chaebol*, Mr Han explained that the *chaebol* had grown too large and diversified to compete effectively abroad and that their dominance of the domestic economy prevented the growth of small and medium businesses.

He also criticised the ownership structure of the *chaebol*, which are usually controlled by one family. The government is likely to impose new inheritance and gift taxes to dilute family ownership.

The goal of the government's *chaebol* policy will be to force the conglomerates to rationalise their operations and concentrate on a few core industries. Some *chaebol*, such Hyundai and Samsung, now have 40 or 50 different businesses.

The government has already imposed restrictions on cross-shareholdings and debt payment guarantees among *chaebol* subsidiaries to weaken the links between them.

Mr Han, a former economic adviser to President Kim, said the government will now investigate internal trade practices among *chaebol* subsidiaries that he alleges inhibit fair competition.

Internal trading within *chaebol* groups reduces the ability of small businesses to sell products and services to the conglomerates.

The FTC estimates that internal trading accounts for 21 per cent of purchases and 16.9 per cent of sales among the *chaebol*.

Ford of Britain reduces prices and dealer margins

By John Griffiths

FORD of Britain yesterday cut prices of its new Mondeo car range by an average of 6 per cent in response to fleet buyers' criticisms that it was too expensive.

Ford announced other cuts in prices and dealer margins on the eve of the launch of Rover's 600 model.

Motor industry analysts, led by Prof Garel Rhys of Cardiff Business School, see the cuts as marking the end of Ford's long-standing ability, as UK market leader, to set the framework for competition in the new car market.

The company is cutting up to 10 per cent on its Granada/Scorpio range of executive cars and about 5 per cent on Escort and Fiesta models.

With the exception of the Mondeo, the prices customers will pay are unlikely to change much, because Ford also cut dealer margins on all cars to 10 per cent from the customary 16 per cent to 17 per cent.

Most dealers have been giving discounts of at least 10 per cent so all the price realignments have done is reduce their room for manoeuvre.

The Mondeo price cuts will be passed on to customers, because dealers have had only a 10 per cent margin on them from the start of sales.

Ford said last night the lower prices would apply to all existing orders. Customers who had taken delivery of cars at the higher "introductory" prices would be reimbursed.

Although the Mondeo price reductions average 6 per cent, there are wide variations. For example the 1.6LX 5-door Mondeo, expected to be one of the biggest-selling fleet cars, from today costs £11,835 instead of £13,080 – a reduction of nearly 10 per cent. The 2 litre Ghia five-door drops by only 3½ per cent, to £17,450 from £18,080.

Mr Ian McAllister, chairman of Ford of Britain, attributed the move to changes in company car taxation in last month's budget. From April 6, 1994, tax assessed on company cars will be based on a simple percentage of manufacturers' retail list prices.

Critics pointed out at its launch two weeks ago that some Mondeo models were £1,500 dearer than their closest Vauxhall Cavalier rivals.

This did not stop Mondeo coming sixth in the list of best sellers last month, despite being on sale for only a portion of it. Some 5,700 were registered.

Ford's announcement coincided with statistics showing new car registrations up in March for the sixth consecutive month, lifting the new car market 11.58 per cent higher in the first quarter than a year ago.

Doubts continued about whether the recovery is as strong as it appears, and the extent to which the statistics are inflated by manufacturer-inspired market-boosting tactics, such as large-scale registering of dealer "demonstrators" for which there are no final buyers.

These doubts were reinforced by the sharp contrast between the car market rise and a further drop in registrations of commercial vehicles, also announced by the Society of Motor Manufacturers and Traders yesterday.

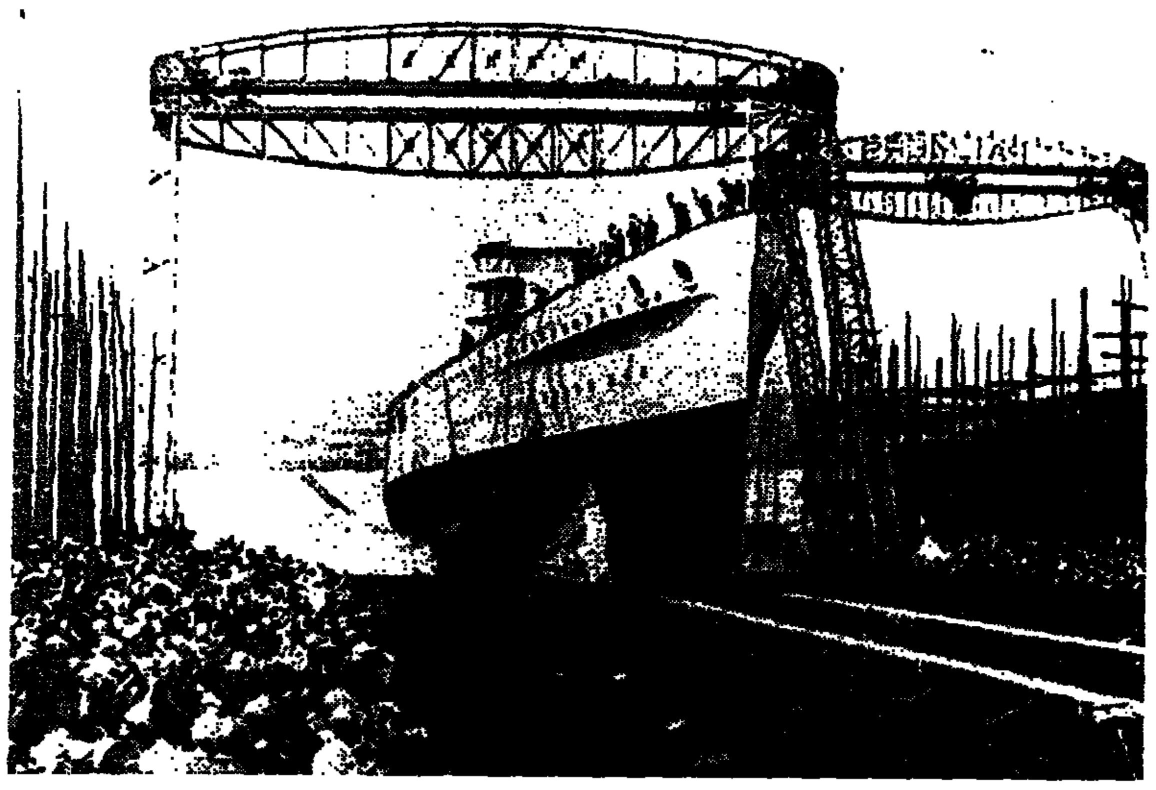
Van, truck and bus registrations fell by 11.75 per cent from the already severely depressed levels of a year ago and the market was 5.36 per cent lower in the first quarter than in the same 1992 period.

The Retail Motor Industry Federation, representing most of the UK's dealers and other motor trades, described the car figures as "disappointing".

● The future of management buy-outs at Leyland Daf was uncertain last night after the Court of Appeal backed a component maker's assertionthat it was under no obligation to keep supplying parts to the UK truck and van maker.

But within hours, the supplier, Automotive Products, made contact with Mr Murdoch McKillop, the joint administrative Receiver of Leyland Daf.

The brake and clutch maker, a subsidiary of the BBA group, said it was "seeking to establish the basis on which it (AP) can make further supplies available, thus safeguarding continuity of Leyland Daf's production". About 3,500 jobs are at stake.



Tyne hopes shipyard will not slip away

TYNESIDE shipyard workers gathered yesterday to watch the latest launch by Swan Hunter, hoping it will not be the last in north-east England's centuries-long shipbuilding history, writes Chris Tighe.

HMS Richmond, a Type 23 frigate (right), is the last ship to be launched in the current order book of Swan Hunter, itself the last shipbuilding company in a region which, in the years at the turn of the century, often produced two out of every five ships built in the world.

Following yesterday's launch, Richmond joins her sister ships Westminster and Northumberland for fitting out on the Tyne. All three will have been handed over by the end of 1994.

The future of the Tyneside company as a shipbuilder hangs on its bid for a Ministry of Defence helicopter carrier, an order worth around £170m, for which it is fighting Barrow-in-Furness based VSEL.

The government confirmed last week that the order, described by Swan Hunter as "absolutely critical" to the company, will be placed later this year.

Ship launches have long been a cause for celebration on Tyneside. The launch of the Duchess of York in 1928 (left) from Palmers in Jarrow was just one of hundreds of days when crowds turned out for the spectacle.

Swan Hunter, founded in 1874, has launched more than 400 warships. Its passenger ships include the Mauretania.

Mr Roger Vaughan, joint chief executive, said launch days were always big occasions but yesterday's was special. "The uncertainty over the helicopter carrier programme has gone," he said. "We're setting out to win the battle to build it, to secure the future of Swan Hunter and its workforce."

Shake-up of business practices put forward by Labour

By Alison Smith

AN OVERHAUL of British business practice was put forward by the opposition Labour party yesterday as the only way to reverse the UK's manufacturing decline and forge a path for industry into the next century.

Among Labour's main suggestions are proposals for channelling more investment into industry through building societies and pension funds, tax incentives for companies, reform of takeover law to bring greater stability and representation of employees on company boards.

The overall aim of the plans in the paper, Making Britain's Future, is to develop a longer-term approach to investment, in contrast to what Labour sees as the "short-termism" of the City and the pursuit of growth through acquisition.

Mr John Smith, Labour leader, emphasised that there would be consultation over the coming months as the document is discussed with business, industry, professional associations and trades unions. "Our aim is to reach the maximum consensus on the most successful way forward for British industry," he said.

The post-consultation version will be presented to the party conference in 1994, and will form the basis of Labour's industrial policy at the next election.

While the paper includes some familiar Labour proposals, such as a training levy on companies which do not invest in skills, it also contains a shift in mood. The emphasis is on the government's allowing and encouraging change rather than legislating to enforce it.

Mr Robin Cook, "shadow" trade and industry secretary, said that the rescue of companies in trouble was only a minor part of government industrial strategy, which was about "promoting success".

Following up the paper's condemnation of the Tories for lack of commitment to manufacturing, in spite of their change in rhetoric, Mr Smith expressed scepticism at recent ministerial pronouncements that the economic recovery was under way. "The test that we will be applying is: does unemployment come down?"

Mr Anthony Nelson, a junior Treasury minister, dismissed Labour's programme as a repackaging of the "meddling and muddling".

Sir Michael Angus, chairman of the Confederation of British Industry – the employers' organisation – welcomed the prospect of discussion on the positive aspects of Labour's plans but warned that there was no reason to think that ideas previously unacceptable to British business, such as employee directors, would be well-received now.

US is biggest export market for UK tools

By Andrew Baxter

THE US has regained its position as the largest export market for British machine tools following the serious downturn last year in the German market for the metalworking machines used in manufacturing industry.

Exports of UK machine tools to Germany plummeted 39 per cent to £42.1m while exports to the US slipped by just 3 per cent to £50.8m.

The figures came as the industry urged the government to make it easier for small and medium-sized customers to invest in new manufacturing equipment.

Leaders of the Machine Tool Technologies Association want the government to introduce permanent, 100 per cent capital allowances for small and medium-sized enterprises (SMEs) and some form of cheaper finance to give SMEs more confidence in investing.

Total exports fell 20 per cent to £329.3m last year, and imports fell by 9 per cent to £411.5m, widening the industry's trade deficit to £82m from £40m in 1991. The latest import figures, however, include between £50m and £60m of special production equipment for Japanese-owned car plants.

According to estimates by the association, employment in the industry last year averaged 14,600 compared with 18,300 in 1991.

Along with many organisations representing manufacturing industry, the association was disappointed by the chancellor's stance on capital allowances in the budget.

It had argued in vain for the temporary, 40 per cent allowances introduced in the autumn economic statement to be extended and increased.

But the association's officials believe it is worth keeping up the pressure, and are encouraged by changing attitudes at the Department of Trade and Industry towards the machine tool sector.

Officials say there has been a "breath of fresh air" at the department since last year's appointment of Mr Michael Heseltine as trade and industry secretary, and the subsequent reorganisation which he introduced.

"Twelve or 15 months ago, it was difficult to see an official, let alone have a discussion," said the association.

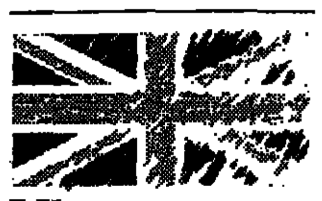
The association believes capital allowance improvements and financing help – such as fixed rate finance for five or ten years – should be focused on SMEs because larger companies generally have less difficulty getting funding and are better able to make long-term investment plans.

In spite of the contraction of the industry, the UK is still the seventh largest exporter of machine tools and one bright spot was the appearance of Japan for the first time as the tenth biggest export market for UK machine tools.

The total number of UK business failures in the first quarter of 1993 fell by 14 per cent to 1,776 compared with the same period of last year, according to Trade Indemnity, the trade credit insurer. Even so insolvencies were up 1 per cent compared with the last three months of 1992 and TI reported an "alarming upturn in reported failures towards the end of the quarter".

TI's figures tend to reflect the failures of more established companies and often lead other available insolvency indicators by a period of up to six months.

Britain in brief



Ulster power privatisation in early June

The government said it will privatise Northern Ireland Electricity (NIE) in June amid City of London expectations that it will seek to raise between £300m and £400m in the flotation.

The early summer sale of the last non-nuclear power company in the public sector will pave the way for the government's disposal of its remaining shares in British Telecom.

The NIE announcement reinforced speculation that the BT sale will be in late July.

The government launched the privatisation of NIE, the first flotation to be targeted specifically at the Northern Ireland public, with a series of television advertisements featuring Finn McCool, the legendary Irish giant.

The offer for sale will be in early June with share trading expected to start in the week beginning June 21.

Potential investors will have to wait until mid-May before the company publishes its pathfinder prospectus, including accounts for the year just ended and profit forecasts for the future. The share price will be announced on "impact day" in early June.

Elonex seeks Glasgow plant

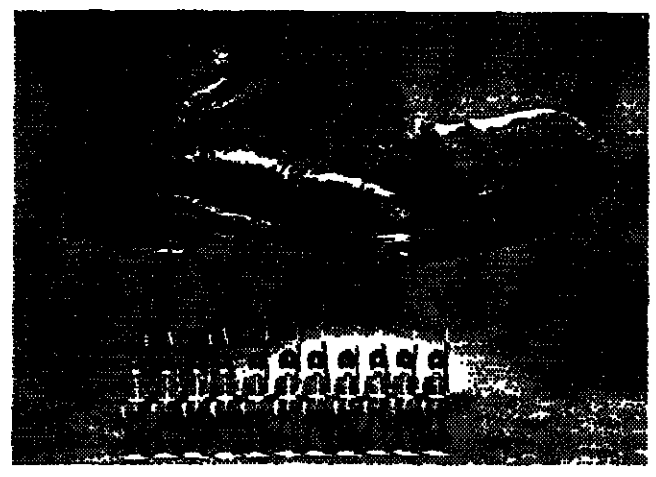
Elonex, the fast growing British personal computer producer, is to have its key components manufactured at a plant to be set up in Cumbernauld near Glasgow by Cordata, an associated company under the same ownership.

Cordata plans to invest £5.5m in a new 40,000 sq ft plant which is expected to employ 175 people. The new plant will carry out work which is currently subcontracted by Elonex to a company in Taiwan.

Firemen may vote for strike

The prospect of a nationwide firemen's strike deepened when the executive council of the Fire Brigades Union said it would recommend a ballot of the members for an all-out stoppage to its annual conference in May.

The executive's decision followed the refusal by the employers to give a commitment to honour index-linked pay agreements.



Footsoldiers: a guardsman's boot dwarfs some of the 4,000 models on display at the Guards Museum, Birdcage Walk, London SW1. The exhibition, sponsored by auctioneers Christie's, marks the 40th anniversary of the Queen's coronation

Compromise on ITV network

The Monopolies and Mergers Commission recommended significant amendments to the way the ITV national network is run to try to ensure more flexible arrangements between ITV companies and independent producers. The move was welcomed by all sides of commercial broadcasting.

The MMC agreed that ITV proposals for running the national network were anti-competitive. It said there should be no rigid limits on the rights that can be acquired in programmes. Instead it has laid down guidelines based on the network centre being granted exclusive UK broadcasting rights for up to five years, with longer periods possible.

Rail unions seek 'breather'

Talks can be expected soon to try and resolve Britain's rail dispute before a second planned 24 hour rail strike is held next Friday. This follows the decision by the Rail, Maritime and Transport Union's executive to provide a nine day breathing space before the next stoppage is due so that a settlement might be reached with British Rail.

Passport to quicker service

The Passport Agency could improve its service by reducing the prices of passports in off-peak periods to smooth the flow of work through the year, the National Audit Office says in a report.

The agency has met its target of processing straightforward applications within 20 working days in peak periods and 10 days at other times, according to the government expenditure watchdog.

Customer satisfaction surveys show that 99 per cent or those in the survey were very or fairly satisfied with the service.

However, despite media advertising to encourage applications in off-peak periods, applications continue to be concentrated in the first six months of the year.

They're off . . .

A High Court judge was named as the man who will head the Jockey Club's inquiry into Saturday's Grand National steeplechase fiasco in which the race was started twice but never finished.

Sir Michael Connell, 53, a member of the Jockey Club himself, is to lead the three-man committee charged with the responsibility of finding out what went wrong.

Isle of Man taxes amended in budget

By Sue Stuart in Douglas

THE ISLE of Man government yesterday announced a budget for 1993-94 aimed at stimulating economic growth while amending the income tax structure to help those on lower incomes.

Presenting his fourth budget, Mr Donald Gelling, Manx treasury minister, said his main objectives were "to strengthen the foundations for the island's future prosperity and to continue and strengthen action already taken to develop employment opportunities."

The self-governing Crown dependency of the UK has had income tax autonomy from the UK since 1961 and is obliged to operate a budget surplus.

Net income for the year is estimated at £192.8m, an increase of 3.2 per cent, and net expenditure at £202m, the balance coming from funds brought forward from the previous year. Capital spending is estimated at £44.8m, including redevelopment of the hospital and airport, a new courthouse and general registry and an all-island sewage plant.

The island's reserve fund will remain at £65.29m. Mr Gelling said the target was to increase this to half the government's annual expenditure. The £4.26m interest earned by the fund and by the island's currency account will be included in net income. The two-tiered system of personal income taxation is to remain at 15 per cent and 20 per cent. Corporate and non-resident's tax remains at 20 per cent.

Personal income tax thresholds rise for the first time since 1989. A single person's allowance is increased to £6,200 from £6,000, with income tax at 15 per cent payable on the next £8,500 – a threshold increase of £500 – and thereafter at 20 per cent. A single person earning £50,000 will pay income tax of £8,335 in the Isle of Man and £14,942 in the UK.

Mr Gelling announced a review of residence rules relating to income tax liability of individuals. Both non-resident and tax exempt Manx companies will have their annual charges increased, but this will be mitigated by removal of statutory audit requirements. Duty on non-resident companies will increase by £100 to £600 per year and annual fees for exempt companies by £50 to £300.

The proposed new international companies and international limited partnerships, due to be instituted later this year, will bear annually a tax charge of £300 and a fee of £600 respectively.

The island will introduce roll-over relief for capital allowances on sales of ships and aircraft which should benefit the growing Manx shipping register.

BUSINESS AND THE ENVIRONMENT

Victoria Griffith examines the fickle purchasing patterns of green consumers

Changing colours

The environmentally conscious consumer faces a *mind-boggling array of* choices just pushing a trolley down the aisle of a supermarket. Forced to make a decision between *non*-phosphate and normal detergent, recycled or ordinary toilet paper and an array of other goods, *an ecologically-minded shopper may* wonder whether the "green" product is worth the extra money, and if it poses a *tangible environmental* benefit.

Retailers and manufacturers are often as confused as *their* customers. Anxious to capitalise on growing ecological awareness, they are uncertain about the best way to present "green" goods to buyers.

Despite the confusion, some trends are emerging. Companies ignore *the surge* in environmental awareness at their peril, researchers say. Market studies by consult*ing groups* such as EJF Associates and Environmental Research Associates indicate that younger genera*tions*, the consumers of the future, are more environmentally conscious than other segments of the population.

"In our survey of adult consumers, *18- and 19-year-olds were far* more willing to spend money on ecological products than other seg*ments of the population*," says Anthony Casali, president of the Environmental Research Associates. "This, in addition to the growing awareness of older generations, means *that the market for* green goods *will* explode over the next few years."

Even high-priced *items such as* cars and computers are being hit by ecological fever. The Environmental *Protection Agency will soon start to* hand out "green" labels for computers using less electricity, and BMW, *the German car-maker*, has been running advertisements based on its CFC-free car air conditioners.

The new environmental awareness does not mean, though, that companies can charge whatever they like for green products. "We tested purchasing patterns for a whole range of environmentally sensitive goods, and found that consumers were willing to pay more for *only 6 per cent of the items*," says Casali. "Of those 6 per cent, most were detergents and soaps."

Given shoppers' willingness to pay higher prices for green detergents, it is perhaps surprising that *manufacturers in this category* have been among the most innovative in finding ways to slice costs.

US detergent manufacturers are beginning to offer consumers cheaper refill packages, which do *not contain the plastic spoons* and other goodies supplied with many products. The ecological argument is that the refills eliminate solid waste by reducing unnecessary packaging. They also save consum*ers money, and this probably* accounts for their wide appeal.

The office products chain Staples *has found out first hand how* unwilling many shoppers are to pay more for recycled goods. "Sales of *our recycled products have declined* in proportion to overall sales," says David Graham, head of paper buy*ing for the store*.

He blames the decline on the high prices of recycled paper. "Manufacturers have been charging us more for recycled paper goods, and we've been forced to pass that on to the consumer. Clearly, shoppers are still very price sensitive when it comes to buying green products."

There is always the exception to the rule, though. Ecological boutiques, for instance, still command *high mark-ups on environmental* products, although market researchers point out that the seg*ment of the population frequenting* these stores is small. "The people who buy at these stores tend to be *highly motivated green shoppers*," says Casali. "They also tend to be more externally motivated than people buying green products at the supermarket. They may truly be concerned about the environment, but they are also buying into the image of the store. Carrying around a shopping bag from boutiques like *The Nature Shop* and the Body Shop makes a statement."

Edward Flesch, principal of mar*keting consultants EFG Associates*, believes the long-term trend will be away from the boutiques and towards the mainstreaming of ecological goods. "The large retail stores will not allow this business to be taken away from them," says Flesch.

The boutiques, not surprisingly, disagree. "When consumers buy products at the *Body Shop, they* know they're advocating an entire environmental philosophy," says Robert Triefus, group spokesman.

While boutique marketing may work for certain stores, larger retailers say they will stick to an integrated approach in promoting their own green goods. "We tried separating products out into an *'ecological' section, to create a* green boutique within the main store," says Graham. "But that was *very unsuccessful. Buyers seem to* prefer to see the products on the shelves with the regular items."

However green products are marketed, consultants urge their clients to ensure that the goods actually provide the environmental benefit promised. Retailers and manufacturers are concerned about a possible consumer backlash as companies climb on the ecological bandwagon *indiscriminately*.

One New York furniture store, for instance, recently touted sofas cov*ered with unbleached muslin* as ecologically sensitive. Since natural dyes can be used with no harmful *impact on the environment, some* activists questioned the green credentials of the product. More serious, perhaps, are findings that US paper products labeled as recycled may contain mill waste, rather than post-consumer waste and therefore be no more green than other paper products.

"We are very concerned about a possible consumer backlash if companies are not more responsible," says Edward Tuescher, environmental director at Smith & Hawken, an *ecologically oriented retailer of* gardening products. US retailers are calling on the Environmental Pro*tection Agency to set standards for* green labelling to help address this problem.

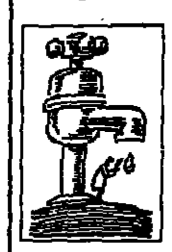
A few countries, such as Canada, already have environmental labelling laws in effect. Although compa*nies may not have sorted out all the* problems involved in environmental marketing, it seems the trend toward green retailing is here to stay. As time goes on, stores are likely to become increasingly aware about the presentation and pricing of ecological goods. Confusing as it may be, it is not only ecologically responsible, but extremely lucrative.

"WE ONLY ACCEPT RECYCLED MONEY."

WORLDWIDE WATER

An unhealthy drink for a nation

Leyla Boulton samples Russia's contaminated supplies



With three-fourths of its *surface* water unfit to drink, and a third of the underground water supplies contaminated, water is a prime victim *of decades of abuse* of Russia's environment. There is no shortage of horror stories about what the leading western expert on ecology and health of the former Soviet Union, Murray Feshbach, has termed "water torture". For example, Lake Baikal, a natural wonder, is under threat from industrial plants set up under the Soviet system of putting output targets before the quality of life.

The latest horror to surface is described *in an official report* published last week which says that the navy has for the past 30 years *dumped radioactive submarines* and waste into Russia's northern seas – with untold consequences *for the ecosystem*.

But today it is the more mundane problems of industrial *pollution* and ageing *water* treatment systems that pose a direct threat to the health of Russians.

In Siberian oil fields, oil from leaky pipes is seeping into the ground and rivers. The Kuzbass mining region is pouring coal-mining waste into the Tom River, poisoning water for *cities* downstream.

In most Russian cities, sewage *systems are decades old and are* mended on a haphazard basis. Poisons such as phenol, dioxins and *DDT, strictly policed in the west*, are found in abundance in the rivers of the former Soviet Union.

Economic and political crises are forcing important environmental and health issues such as the *state of the nation's water* supplies to take a back seat. Priorities such as economic reform, shoring up industrial output and paying for grain imports mean there are simply neither the resources nor the political will to clean up the country's water.

"When enterprises are being privatised and people are worrying about production, they are *not concerned about* water treatment systems," complains Alexei Yablokov, a leading Russian environ*mentalist and adviser* to President Boris Yeltsin.

He notes that although air pollution *fell* by *12 to 15* per cent last year, with a 20 per cent drop in industrial production, water pollution increased. The *country's first annual survey* on health and the environment found that, in 1991, a quarter of water pipes *connected* to Russian homes and a third of those to institutions delivered water that were "insufficiently cleaned".

Lake Baikal: fresh water threatened

Yablokov says a direct consequence of poor water supplies is *an increase in intestinal* illnesses. Even cholera has made a guest-appearance in recent years. Victims of the last outbreak in 1990, in Stavropol and then Rostov in southern Russia, drank river water without boiling it.

A federation treaty, sharing previously central government responsibility for health and environment with local authorities, has yet to be implemented. But no matter whose control they are under, tax revenues are likely to be directed to more short-term problems in the future.

"This is not a federal problem," says Yablokov. "This is a regional problem to which attention needs to be attracted . . . We need to introduce payment for water and enforce payment *for pollution*."

But there is no likelihood of authorities making people pay for clean water in the near future. When *market* reforms have caused living standards to plunge, most people cannot afford to pay more than the presently symbolic water charges. Nor would the politicians try to make them do so.

The former *Soviet Union* already has a system of fines for pollution, but many enterprises still find it more profitable to pay the fines than to operate expensive filters and acquire clean technology.

Alain Dangeard, the *former* head of France's waste disposal agency and now an international consultant *on* water and mining, says the west should be ready for "imaginative co-operation" with local *authorities on overhauling* water and sewage systems.

"It is not just a question of money, *but of technology* transfers, and institution-building. There is a need to multiply model successes *of co-operation* to set an example," he says. But an immediate priority is to ensure that new industrial projects do not add to existing problems.

"One needs to clean up sources of *pollution* but one cannot clean up water quickly. The main priority is that any new industrial contracts should involve clean technology. Allowing new investment which pollutes would be suicidal."

Many of the problems are taking place outside Russia's borders, aggravated by the break-up of the Soviet Union. Ten days ago the five Central Asian states and Russia met to draw up a programme to *join* efforts in combatting the Aral Sea disaster. The sea is drying up because it has been *used to* irrigate the cotton monoculture imposed on Central Asia by Soviet industrial planners. *But Russia*, having abandoned a Soviet-era project to divert Siberian rivers towards *Central Asia, is unlikely* to put a nightmare which is taking place beyond its borders near the top of its list of spending priorities.

PEOPLE

Marjorie Scardino, president of The Economist in North America since 1985, has been appointed chief executive of The Economist. She succeeds David Gordon who becomes chief executive of ITN.

■ Dale Electric International, the Yorkshire-based power equipment group, has appointed John Savage as a main board director and to the new post of md of Dale Power Systems, its recently-created principal UK subsidiary.

The appointment of Savage is an important step for Dale Electric. Dale Power Systems groups all the main UK businesses in a new functional-based organisation and was formed from three product-based subsidiaries. The reorganisation is aimed at putting the company in the best shape for quick recovery from recession, says Iain Dale, Dale Electric chairman.

Savage, 51, was previously md of the UK subsidiary of Merlin-Gerin, the French electrical products group, for six years and before that held senior positions within various GEC companies.

■ Ron Pollard, the doyen of odds-setters who was with Ladbrokes for 30 years, has joined IG INDEX as a consultant.

■ Geoff Ellis has been appointed finance director and director of commercial affairs at CIC (UK).

■ Christopher Lister, formerly marketing director at a John Brown subsidiary, has been appointed sales and marketing director at Wyseplant, a P&O company.

■ Paul Byrne, md of TDG's storage division, has been appointed to the board of TRANSPORT DEVELOPMENT GROUP.

■ David Richards, formerly vice-president of marketing for the UK for LENSCRAFTERS, has been appointed vice-president marketing worldwide.

■ Allan Whittaker has been appointed md of Hydra-Tight, a division of T&N. Whittaker was a founding partner in Bolting Technology which was acquired by Hydra-Tight in 1989.

Neil Hood joins Grampian

Neil Hood of Strathclyde university in Glasgow is adding to his considerable portfolio. He is to become a non-executive director of Grampian Holdings, the Glasgow-based mini-conglomerate whose interests range from veterinary pharmaceuticals to sporting goods.

Hood, 49, is director of the Strathclyde International Business Unit, and has been professor of business policy since 1979. But he may be best known for his off-campus activities. He is regarded as a marketing strategist of international standing, advising companies and governments worldwide. In the late 1980s he was director of Locate in Scotland, the inward investment bureau at the Scottish Development Agency.

He is already a non-executive director at Shanks & McEwan, Kwik-Fit, I&S Smaller Companies Trust (managed by Ivory & Sime, the Edinburgh fund manager) and Scottish Development Finance. He is also corporate adviser to Scottish-Power.

Hood is a man of great verbal efficiency; he can complete a one-hour interview in little more than 30 minutes. After his stint at Locate in Scotland he was put in charge of reshaping the SDA to prepare for its transition into Scottish Enterprise. Later he made no secret of his doubts about the wisdom of this piece of government tinkering, describing Scottish Enterprise in its early stages as "a morass of complexity" full of "tensions and uncertainties".

The man who originally proposed the idea of creating Scottish Enterprise was Bill Hughes, chairman of Grampian Holdings.

Grabiner moves at Telegraph

Stephen Grabiner, the marketing director of The Telegraph, publisher of the Daily and Sunday Telegraph, has been appointing acting managing director.

His appointment follows the illness of Joe Cooke, 61, the company's managing director. Cooke – a central figure in masterminding the modernisation of the Daily Telegraph – is in hospital for tests following a mild stroke at the beginning of last week. In a statement yesterday The Telegraph said that it was too soon to predict when Cooke would be able to return to the office.

As well as being appointed acting managing director, Grabiner, who is 34, has also been elected to the board of The Telegraph. He was first associated with the Daily Telegraph as a Coopers & Lybrand consultant and joined the company as marketing director in October 1986.

Cooke's illness comes at an awkward time for The Telegraph since he has been involved in the efforts to persuade shareholders of the wisdom of buying a stake in Southam, the Canadian newspaper group.

Backhouse takes seat at Ipeco

Now that Ipeco founder Allan Johnson has been elevated to the life presidency, his son Christopher, 45, is getting down to transforming a private family business, which specialises in making aircrew seats, into a successful public company.

The recruitment of a new finance director, Chris Backhouse, 36, from Ernst & Young, the company's auditors, is the latest in a number of moves to modernise the Ipeco boardroom. Backhouse replaces John Cook, who resigned in January after 12 years with the company.

Although Ipeco's announcement of marginally lower 1992 pre-tax profits, of £3.3m, is regarded as a reasonable performance in a recession, Johnson acknowledges that his company has not lived up to expectations in the six years since it floated a minority of its shares on the stock market. Its profits have been on a plateau and its share price is still well below the 120p issue price.

One of the problems has been the rather incestuous nature of Ipeco's board, and Johnson turned to Pro Ned, the Bank of England-backed body which helps find independent non-executive directors.

Since the start of the year Ipeco has appointed two new non-executive directors – Julian Bell, former chairman of Rayner Coffee International, and Alan Hornsby, a retired finance director of Smiths Industries.

Johnson is still looking for a new executive director to head the engineering side, the smaller of Ipeco's two core businesses, to complete his four-person executive team. Although he has no immediate plans to split the role of chairman and chief executive, he does not rule it out in a couple of years' time, if the business grows as quickly as he hopes.

NOTICE OF MEETING

NOTICE
to the holders of outstanding
FF 495,000,000 5% Equity Notes Due 2003 of
Yves Saint Laurent S.A.
Principal payable in ordinary shares of
Yves Saint Laurent Groupe

This notice is published in connection with proposals made by Yves Saint Laurent Groupe ("YSL"), Yves Saint Laurent S.A. (the "Issuer") and Elf Sanofi ("ES") to amend the terms of the above Notes (the "Notes") in the context of the proposed merger (fusion) of YSL, Berlys Investissements and Yves Saint Laurent Management with ES which will take place following approval by the shareholders of each company given in general meetings to be held at the latest by 17 May 1993. Full details of the fusion and the proposals are contained in an Explanatory Memorandum dated 7 April 1993 (the "Explanatory Memorandum"), copies of which (together with related voting instruction forms) may be obtained from Cedel S.A. and Euroclear or any of the Paying Agents listed below.

A meeting of Noteholders will be held on 29 April 1993 and, if a quorum is not then present, an adjourned meeting will be held on 14 May 1993, at which an Extraordinary Resolution will be proposed to sanction the proposals. The proposals are conditional upon a number of matters as set out in detail in the Explanatory Memorandum. If passed, the Extraordinary Resolution of Noteholders will be binding on all Noteholders and all holders of Coupons relating to the Notes, whether or not present at the relevant meeting or voting on the Resolution.

The proposed amendments to the terms of the Notes provide for the Noteholders to be entitled to be repaid upon redemption of the Notes by the delivery by ES of ordinary shares in ES in those circumstances where the Noteholders would previously have been repaid by the delivery by YSL of ordinary shares in YSL. Such redemption would be at the rate of 1.1424 ES shares (as opposed to 1.428 YSL shares) for each FF 1,000 principal amount of Notes.

NOTICE OF NOTEHOLDERS MEETING

Notice is hereby given to the holders (the "Noteholders") of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. (the "Issuer") the principal of which is repayable in certain circumstances in ordinary shares of Yves Saint Laurent Groupe ("YSL") and which are constituted by the Trust Deed referred to below, that a Meeting of the Noteholders will be held at the offices of Yves Saint Laurent at 7, avenue George V, 75008 Paris on 29 April 1993 at 3.00pm (Paris time) for the purposes of considering and, if thought fit, passing the following Extraordinary Resolution:

"That this Meeting of the holders of the outstanding FF 495,000,000 5% Equity Notes Due 2003 (the "Notes") of Yves Saint Laurent S.A. (the "Issuer") the principal of which is repayable in certain circumstances in ordinary shares of Yves Saint Laurent Groupe ("YSL") and which are constituted by the Trust Deed dated 20 November 1987 as amended by a supplemental trust deed dated 14 November 1988 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") and by a second supplemental trust deed dated 30 June 1989 made between the Issuer, the Trustee and YSL (together the "Trust Deed"), hereby:-

(1) approves (on the terms and subject to the conditions contained in the Explanatory Memorandum dated 7 April 1993 (the "Explanatory Memorandum"), a copy of which has been signed for identification by the Chairman of the Meeting) the fusion of YSL (together with Berlys Investissements and Yves Saint Laurent Management) with Elf Sanofi;
(2) assents (subject to the conditions contained in the Explanatory Memorandum) to the modification of the Terms and Conditions of the Notes as printed on the reverse of them and in Schedule 1 to the Trust Deed and to the provisions of the Trust Deed, in each case as set out in the draft Third Supplemental Trust Deed produced to this Meeting (a copy of which has been signed for identification by the Chairman of the Meeting);
(3) sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and the holders of the coupons relating to the Notes against the Issuer and YSL involved in or resulting from the modifications referred to in paragraph 2 of this Resolution; and
(4) authorises and directs the Trustee to concur in the modifications referred to in paragraph 2 of this Resolution and, in order to give effect to them, forthwith to execute a Third Supplemental Trust Deed in the form of the said draft produced to this Meeting with such amendments (if any) as the Trustee shall require."

The attention of Noteholders is particularly drawn to the quorum requirements set out in "Voting and Quorum" below.

Copies of the current Trust Deed (including the current Terms and Conditions of the Notes) and a draft of the Third Supplemental Trust Deed referred to above are available for inspection at the offices of the Paying Agents specified below.

In accordance with its normal practice, the Trustee expresses no opinion on the merits of the proposed resolutions and modifications but has authorised it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

Voting and Quorum

1. A Noteholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note(s), or a valid voting certificate or valid voting certificates issued by a Paying Agent relating to the Note(s), in respect of which he wishes to vote.

A Noteholder not wishing to attend and vote at the Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from the offices of the Paying Agents specified below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

Notes may be deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its control by Cedel S.A. or Euroclear or any other person approved by it, not later than 48 hours before the time appointed for holding the Meeting (or, if applicable, any adjournment of such Meeting), for the purposes of obtaining voting certificates or giving voting instructions in respect of the Meeting. Notes so deposited or held will not be released until the first to occur of the conclusion of the Meeting (or, if applicable, any adjournment of such Meeting) and the surrender of the voting certificate(s). Notes so deposited will be released up until the time that is 48 hours before the time for which the Meeting (or, if applicable, any adjournment of such Meeting) is convened against surrender of the voting instructions receipt(s) issued in respect thereof.

2. The quorum required at the Meeting is two or more persons present in person holding Notes or voting certificates or being proxies and holding or representing in aggregate not less than two-thirds in principal amount of the Notes for the time being outstanding (as defined in the Trust Deed). If within 30 minutes from the time appointed for the Meeting a quorum is not present, the Meeting shall stand adjourned to the same time and place on 14 May 1993. At such adjourned Meeting the quorum shall be two or more persons present in person holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-third in principal amount of the Notes for the time being outstanding.

3. Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the chairman of the Meeting, the Issuer or by one or more persons holding one or more Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two per cent. in principal amount of the Notes outstanding. On a show of hands every person who is so present in person and produces a Note or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each FF 1,000 principal amount of Notes so produced or represented by the voting certificates so produced or in respect of which he is a proxy.

4. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the votes cast. If passed, the Extraordinary Resolution will be binding on all the Noteholders, whether or not present at such Meeting, and upon all the holders of the coupons appertaining to the Notes.

In accordance with the provisions of the Trust Deed, the form of this notice has been approved by the Trustee.

Yves Saint Laurent S.A.
Yves Saint Laurent Groupe

7 April 1993

Paying Agents
Bankers Trust Company, 1 Appold Street, Broadgate, London EC2A 2HE.
Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, L-2953 Luxembourg.
Crédit Suisse, Paradeplatz 8, CH-8021 Zurich.

The Issuer is a *société anonyme* incorporated under French law on 15 September 1961, expiring, unless extended, on 15 September 2060.
Registered Office: 5, avenue Marceau, 75116 Paris.
Share Capital: FF909,442,700
RCS number: Paris B 322 579 301.

YSL is a *société en commandite par actions* incorporated under French law on 23 July 1982 as a *société anonyme*, expiring, unless extended, on 23 July 2081.
Registered Office: 5, avenue Marceau, 75116 Paris.
Share Capital: FF 390,407,000
RCS Number: Paris B 324 919 059

This notice, for which the Issuer and YSL are responsible, has been approved by Wasserstein Perella & Co. Limited, a member of The Securities and Futures Authority, solely for the purposes of section 57 of the Financial Services Act 1986 of the United Kingdom.

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 13 April 1993

1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 13 April 1993. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England.

2. The ECU 1,000 million of Bills to be issued by tender will be dated 15 April 1993 and will be in the following maturities:
ECU 300 million for maturity on 13 May 1993
ECU 300 million for maturity on 15 July 1993
ECU 400 million for maturity on 14 October 1993

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 13 April 1993. Payment for Bills allotted will be due on Thursday, 15 April 1993.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 15 April 1993 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).

9. The ECU 50 million of Bills to be allotted directly to the Bank of England will be for maturity on 14 October 1993. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as amended.

Bank of England
6 April 1993

FT CONFERENCES

FINANCIAL INNOVATION
NEW DIRECTIONS FOR THE 90s
LONDON, 28 & 29 APRIL

Arranged jointly with the Centre for the Study of Financial Innovation, this high-level meeting will review the role of innovation in financial services, assess the risks and rewards and examine future trends. Speakers will include: Mr William Rhodes, Vice Chairman, Citicorp; Mr Sam Cross, Former Executive Vice President, The Federal Reserve Bank of New York; Mr John Heimann, Chairman, Global Financial Institutions, Merrill Lynch & Co; Mr Richard Debs, Advisory Director of Morgan Stanley & Co, Inc; Mr Rei Masunaga, Deputy President, Japan Center for International Finance; Mr Dennis Keegan, Chief Executive Officer, Salomon Brothers Europe; Mr Michael Fowle, Senior UK Audit Partner, KPMG Peat Marwick; Mr John Grout, Director of Treasury, Cadbury Schweppes plc; Mr Andrew Large, Chairman, Securities and Investments Board and Mr Anthony Nelson MP, Economic Secretary, HM Treasury.

EUROPEAN SECURITY MARKETS - THE WAY AHEAD
LONDON, 10 & 11 MAY

Deregulation of national market-places, abolition of capital controls and development of technology that by-passes rigid market structures, has brought increasing integration of debt and equity markets. This poses challenges for broker-dealers, fund managers and stock exchanges. How will they be affected by these developments and how will they adapt? Speakers include: Mr Peter Baring, Chairman of Barings plc, Mr John Young CBE, Chief Executive of the Securities and Futures Authority, Mr Heinz-Jürgen Schäfer, General Manager of Dresdner Bank AG, Mr Robert Steel, Partner, Goldman Sachs International and Baron van Ittersum, Chairman of the Amsterdam Stock Exchange.

ASIAN ELECTRICITY
SINGAPORE, 25 & 26 MAY

This topical conference, arranged in association with Power in Asia, brings together senior representatives from governments, utilities and the financial community to discuss the latest policy positions on privatisation in Asia; consider the financing and structuring of power projects and review future fuel choices in the region. Speakers include: Dr Piyasvasti Amranand, Acting Deputy Secretary General, The National Energy Policy Office, Thailand; Mr K Balarama Reddi, Chairman, Andhra Pradesh State Electricity Board; Mr Daniel Ritchie, Director, Asia Technical Department, The World Bank; Mr Daniel Bettembourg, Vice President & Member of the Board, Companhia de Electricidade de Macau and Mr Kenneth Binning, Director of Government Relations, Rolls-Royce plc.

NORTH SEA OIL & GAS
LONDON, 7 & 8 JUNE

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A41

Technology has cut the time it takes T&N to fill customer orders, writes Christopher Lorenz

A boost to rev up the engine

Alister McWilliam's engineers at a factory overlooking Bradford, West Yorkshire, have come a long way since 1989. Then it took them 26 weeks from a customer's first inquiry to develop, make, test and deliver a new design of automotive engine piston.

Within two years they had more than halved the "time-to-market" cycle of their company, AEPP Automotive. By the end of 1993 it will have been halved again, from 12 to six weeks. "None of our competitors can touch that," McWilliam claims. "We've taken a leap past the Germans."

That gives AEPP a global lead, since its two main rivals for the supply of pistons to the world's car makers are both German – one with a smaller and declining market share, the other still just ahead of the UK company.

Since Ford, General Motors, Volkswagen, Nissan and the rest are almost all sub-contracting much more piston design and manufacture as they rush to shorten their own "time-to-market" for new cars, AEPP's breakthrough promises a sharp rise in its sales, even before the current automotive slump is over.

In stark contrast with most of British manufacturing industry, that surge is already under way. Last month Bradford's manufacturing team, under director Peter Marchant, brought into operation a fourth high-volume production line to help meet the demand from Opel, the German GM offshoot. As from January, Bradford has been the single-source supplier of pistons for the 1.6 litre engines used in Opel's top-selling models, the Astra and Vectra (Vauxhall Cavalier in Britain). This has involved Opel cutting off its previous German supplier.

Two years ago Bradford installed a similar production line to help meet rising demand from Ford of Europe.

As a result, the value of Bradford's car piston sales is already accelerating – by a projected 16 per cent this year – having stagnated in 1992. A 20 per cent rise is projected for 1994, taking AEPP Automotive's total sales to £72m. With unit prices falling, the surge in volume has been much sharper.

How has Bradford done it? "The main driver of our success has been technology. Ten years ago, we wouldn't have got a German auto engineer to even look at us," says McWilliam.

"Now we're seen as offering not just high-quality volume manufacture, but also innovation," says Bob Bates, who last summer took over the top seat at Bradford when McWilliam moved up to head all the piston products of the parent company, T&N.

Their claims are borne out by a senior GM Europe purchasing manager who, from his base at Opel's headquarters outside Frankfurt, was instrumental in taking the single-sourcing decision. "The most interesting thing about T&N, aside from its overall engineering and development capability, is that it's the only group in the world that can do us pistons plus the pins and rings for them," says the executive. "Everyone else can develop and make only one of the three."

Bradford's success is the main factor behind T&N's rise over the past decade from number four in the world piston league to its position close behind the market leader, Mahle. For much of its innovation – in products, in manufacture and in design processes – Bradford must thank its relationship with T&N's corporate research and development centre at Cawston in Warwickshire, 130 miles to the south. (Cawston's role within the T&N group was examined in the previous article in this series.)

One of the key product innovations to come out of Cawston has been a patented way of reducing friction in bearings; when applied to pistons, it cuts fuel consumption significantly.

But McWilliam says that "probably the single most significant factor in changing our stature" – and in slashing Bradford's time to market – has been a computer-based design and analysis process called Rapier (Rapid Analysis of Products by Integrated Engineering Routines).

Alister McWilliam (left) and Peter Marchant: the AEPP breakthrough promises a sharp rise in the company's sales

Developed at Cawston in close collaboration with Bradford, it has been built up steadily to incorporate a string of key features. They include "failure mode effect analysis" which allows engineers to predict problems in both manufacture and product performance and to analyse them before they occur. This has raised design and production quality sharply and has cut development costs by minimising expensive and time-consuming engine tests.

For the past few months, this process has been linked directly into manufacture, through the automated development and production of the machine tool dies needed to make the piston in the factory. Die-making is now organised as part of product engineering, not manufacture.

In parallel with the Cawston-based innovations have come several generated by Bradford itself, which spends between 6 and 8 per cent of its sales on development. Much of this goes on the application of Cawston's work to specific products and on piston testing, but Bradford has also pioneered new products, manufacturing techniques and even a special aluminium alloy which helps reduce gas emissions from pistons by 10 per cent.

The closeness of Bradford's engineers to their customers was taken a step further last year with the merger of the previously separate engineering and marketing departments under one director, Brian Ruddy.

He has broken this organisation into a series of "customer focus" teams and task forces. "Putting the different disciplines together is already increasing the engineers' commercial and financial awareness," he says.

Production engineers are still organised separately, although for the past year McWilliam says they and Ruddy's staff "have been working hard at simultaneous engineering".

With the exception of Bradford's innovation and speed, Bob Bates stresses that "we're not really 'world class' yet". He has set a two-year target of a 10-fold increase in "right first time" quality, and a 20 per cent rise in total productivity – including capital as well as labour.

As part of this, jobs at Bradford will continue to shrink. A decade ago its labour force totalled 1,570. It is now about 950, the latest cut being 100 people since last November.

Beyond that, Bates says: "We've got a lot of work to do on culture change and organisational effectiveness. We're not here to make products, but money."

This concludes a series on R&D management at T&N. Previous articles appeared on March 12 and 17.

Finding the child inside the manager

People need rewarding. Employees have different characteristics, and should be treated differently. To be understood, be direct. To communicate better, try to understand things from the other person's point of view.

The usual tips on how to be a better manager are so blindingly obvious they seem barely worth saying. Yet as most managers seem to disregard such advice most of the time, management trainers can be forgiven for saying the same things over and over again.

One such trainer has developped a slightly new way of getting at the old themes. Abe Wagner, a US psychologist, has adapted the principles of Transactional Analysis – a branch of Gestalt psychology – to management. With a bundle of jargon, concepts and psychological chatter he has wooed many Fortune 500 companies. Now he is hoping to do the same in the UK.

Last week he told executives from the Department of Transport, the HM Prison Service and Freshfields solicitors to let the natural child in them come out. Wagner preaches that each person is made up of six personality states: the natural child, the adult, the nurturing parent, the rebellious child, the compliant child and the critical parent. The first three of these are helpful states for communicating, and can be used to get all needs and wants met. The second three are all unhelpful – we should learn to snap out of these states ourselves and try to get our business associates to do likewise.

Suppose you have just failed to clinch a sale and find yourself angrily musing about the inadequacies of the potential customer, your sales staff etc. You are in "critical parent" mode. The best way of recognising this, says Wagner, is to speak your thoughts out loud, understand which mode you are in and then allow the logical "adult" in you to take over by giving yourself a pep talk.

Suppose you find one of your colleagues stuck in rebellious child mode – negative, obstructive and working badly. The worst thing you can do is to play the critical parent by criticising. The best way of stimulating the adult or nurturing parent in them is to behave that way yourself.

Cynics might argue these ego states obscure rather than elucidate – allowing you to say something in a complicated way that can be more easily stated directly. You do not need to invoke parents or children to conclude that if someone is unhappy, you should try to understand their problem.

Wagner argues that the ego states give a handy frame of reference and suggest subtle strategies for better communication. If an employee is playing the child by refusing to work on Saturdays, it may be better to be the child too, appealing to their emotions rather than their good sense.

How well these ideas will go down in Britain remains to be seen. Wagner notes that many male managers have a general problem in showing emotion and discussing feelings – "they won't let the natural child out". He suspects that British managers are even more buttoned up than most.

"We as managers have a strong tendency to look and sound like parents," says Wagner. Employees tend to encourage this by playing the child, leading to what he calls "co-dependency".

Managers have to really want to change their ways. "The reason managerial courses don't work is that they are usually used to change someone else." If they really want to change, then anything can be achieved, he argues. Behavioural studies in the US have shown that unconscious habits can be changed after 21 days of concerted effort. Conscious ones can be changed even faster, he says.

If it is really as easy as that, management trainers might shortly find themselves out of a job.

Lucy Kellaway

MBA numbers on the slide

Has the MBA's surging popularity finally been checked? Preliminary findings from the London-based Association of MBA's suggest the number of students enrolling on UK courses this year has fallen by 10-15 per cent. A clear picture of the underlying trend, though, has yet to emerge.

Roger McCormick, director-general, says the Association has done its "ring round" four times – but is still not satisfied it has "an accurate fix" on what is going on. Business schools can be notoriously secretive with the result that the quality of some of the information may be suspect.

In certain cases the market has clearly collapsed. At one south-east polytechnic, course numbers have fallen from more than 60 to less than 35 in the last two years. But elsewhere there is tentative evidence that administrators may be filling places with poorer-quality candidates than in the past, and that expansion plans have been shelved.

McCormick is wary of concluding that the MBA bubble has burst. He remains impressed by the resilience in a recession of the full-time MBA course – which requires participants to leave a job and raise funds to pay for tuition and lodging – and points out that the setback follows several years of strong growth.

Since sterling's devaluation last September, moreover, UK MBA courses have become more attractive for foreign students who speak good English.

There are 92 MBA courses in the UK, compared with 47 in 1986. Last year, according to the Association, 2,500 students completed full-time courses, 2,500 completed part-time courses, and 700 received their MBA through distance learning. The distance learning numbers will get a boost this year when the first full cohort of MBA students graduates from the Open University.

Tim Dickson

ARTS

Television / **Christopher Dunkley** writes to the new BBC2 Controller

Dear Michael Jackson . . .

Congratulations! You have just been put in charge of the best television channel in the world. When it was announced that you were to succeed *your friend* Alan Yentob as controller of BBC2, after his move to BBC1, you were too modest and English to put it like that; you said "I believe BBC2 is the best and most interesting channel on British television", which implies that somewhere *outside* Britain there is one that is even better and more interesting.

I doubt it. In the past 20 years I have taken a careful look at television in the US and Europe and attended lots of international television festivals. There is certainly good work done elsewhere. Some of those pompous politicians who bang on about British television being the best in the world (having watched the breakfast show in a Washington hotel room and *I Love Lucy* late at night in Brussels while hunting for Europe's fabled porn) might be quite surprised if you showed them just how good Swedish television drama tends to be, or American news, or Brazilian soap opera.

But have you ever come across a channel anywhere else with the range of BBC2, from *Red Dwarf* to *The Late Show*, from *Newsnight* to *Floyd On Spain* where the quality is maintained through so many programme categories? I have not. On Sunday alone BBC2 showed, as the last in a season of "Screen Two" dramas, *The Snapper*, which brought an extraordinarily light touch to the explosive subject of accidental pregnancy in a Dublin family; *Every Picture Tells A Story*, which put as clearly as I have ever heard on television the arguments for and against the radical renovation of old paintings; and in *The Nineties*, a startlingly passionate and graphic account of the effects of alcoholism before and during the First World War.

I actually thought *The Nineties* was not quite as impressive as *Labour Of Love*, another series, recently ended, which also went to very old people to hear them bear witness to history while they are still able, this time on the subject of child rearing in the first half of the 20th century. But that was a BBC2 series as well, or anyway an independent series shown by BBC2. Since this is an open letter and the 40 per cent of *FT* readers who live outside Britain may be thinking that BBC2 sounds like an awfully worthy network but not a lot of fun, I had better point out that it carries some of Britain's best comedy, too.

Last week it showed the last episode in another run of *French And Saunders*, a female double act which, although it arrived as part of the "alternative" comedy boom, is now so well established, and so funny, that it is not entirely crazy to talk about the possibility of these two young women taking the place of Britain's immortal Morecambe and Wise. If only French and Saunders would put themselves in the hands of a ruthless editor with instructions to banish self indulgence and pare their over-long sketches to the bone, they really could reach those heights. What is more it was BBC2 that brought us Dawn French's other comedy, *Absolutely Fabulous*, which has quite rightly just won two BAFTA awards; and the same channel again which is about to start another run of the admirably dangerous comic news quiz *Have I Got News For You*.

Jennifer Saunders and Dawn French as Thelma and Louise: the feminine equivalent of Morecambe and Wise?

But this letter is getting bogged down in detail. What I really wanted to do after congratulating you was remind you of the tremendous responsibility now resting upon you. Television generally is moving down market, not just nationally but internationally. Everywhere public service broadcasters are being forced to compete for audiences and funds and, I suspect, for their very existence against commercial broadcasters who are more concerned now with ratings than ever before. In this country we had until recently two "protected" channels where ratings were of less importance than programme quality and originality: BBC2 and Channel 4.

Now, as one of the last gasps of full-blown Thatcherism, Channel 4 has been driven into the market place and obliged to compete for its own slice of the advertising cake. As you might expect with Michael Grade in charge, it is proving a pretty effective competitor and is regularly achieving an audience share of around 12 per cent instead of the 9 to 10 per cent that it used to get. Whatever the people at Channel 4 may bravely proclaim about sticking to the famous "remit" to "be different" and "cater for minorities" I think we must expect that Channel 4, at least in peak viewing time, will continue to look more and more like any other conventional commercial channel with game shows (*The Crystal Maze*) soap opera (*Brookside*) and the largest proportion of American imports in British terrestrial television (*The Wonder Years*, *Mork And Mindy*, *The Golden Girls* and soon *The Golden Palace*).

That leaves just you and BBC2 to defend the faith. True, under John Birt the entire BBC is more likely to go for "the Himalaya option" and attempt to re-group on the old high ground than to move further out on to the plain to concentrate on fighting ITV and the satellite people for the mass audience. Yet the fact remains that, however novel it may seem to a man of Alan Yentob's tastes (not snootily highbrow, more eclectic and modern, but still many miles from the Bill Cotton school which has traditionally run BBC1) he is going to have to maintain a relatively high level of popularity on BBC1 if the corporation is to avoid being pushed to the margins of British broadcasting.

Which is why so much depends upon you. There is now no channel other than BBC2 to which the more demanding viewer can switch, safe in the knowledge that whatever is being shown – cookery programme, arts magazine, documentary series – it will not insult your intelligence. This is not just a form of words. I believe there really is a danger today, thanks to the immense financial forces involved and the steady globalisation of the industry, that television as a whole could become exclusively a mass-appeal tabloid medium. As with tabloid newspapers there would still be good and bad, but, in sharp contrast to the print medium, there would be no *Independent*, no *Guardian*, no *Times*, let alone an *FT*. I will believe all the talk about digital compression providing 500-channel systems with niche marketing and *The Economist* of the airwaves when I see it.

Meanwhile I look to you to go on providing *Newsnight* as the most civilised and rigorous round-up of the day's events, and to open up *The Late Show* to a wider spectrum of attitudes, not, chiefly, in its interviewees but in its presenters. The programme covers most of the right subjects, but often feels more old fashioned than *Late Night Line Up*. This does not mean "popularise" it in hopes of winning bigger ratings: we have seen such efforts on BBC2 in last year's *Young Musician Of The Year* and in the current *Soundbites* in both of which the essential content – music – has been sacrificed to chat, a desperately retrograde step.

You inherit a tremendously strong foundation on which to build. The history series *Timewatch* and the broadly literary series *Bookmark* turn out some of the BBC's best documentaries these days, and the *Video Diaries* idea of supplying amateurs with cameras to record aspects of their own lives has produced some astounding triumphs. You would have to be crazy to harm any of those. If I were you (and your new job is the only one in television that I would ever volunteer for) I would immediately contract the *After Dark* team to bring to BBC2 the open-ended late-night studio discussion series which Channel 4 was mad enough to scrap. Then I would sit back and think for quite a long time before making any other changes.

Good luck,

Christopher Dunkley

London Theatre

New Morning

Go to a play, see people in worse situations than youare, watch them talk out their problems, leave the theatre with hope. Then go home, chat to friends who are in some ways more comfortably situated than you are, listen to their crises and despondencies, go to bed feeling disconsolate. I am amazed at the number of serious new plays that end on some bright or tentatively optimistic note.

Declan Hughes's *New Morning*, the latest new play at the Bush, is a case in point. Two sisters spend the weekend together, camping in the open. They rake over their relationship with each other, with their dead parents, with life in general. They are sometimes at loggerheads, and one sister, Mary, fails to respond fully to all the gunge from her subconscious that the night dredges up. But they get from A to at least B, maybe further, and the play ends with them helping each other to pull down the tent that they never slept in anyway. (A problem shared . . .) And, since the play, by Declan Hughes, is well acted and is often very funny, you can be sure the audience leaves with a smile on its collective face.

My trouble, to be blunt, is that I just didn't believe it. This is partly because I have only limited points of personal contact with two Irish sisters who were raised to know every littlest thing about Elvis Presley, and who remind each other of good yarns from the Old Testament. But then I don't have too much in common with Electra or Macbeth, whose plights I nonetheless follow with interest. Deborah and Mary speak to my condition sufficiently for me to laugh repeatedly at their jokes (mainly Mary's). The problem is that they approach their problems *by way of* Elvis and the Old Testament.

Mary (Gina Moxley) meets Elvis (Stuart Graham)

Deborah is the idealist, Mary the cynic. Ironically, it is Mary to whom a spectral Elvis appears in the night. "You bitch," says Deborah in the morning. "*I* believe in visions, and *you* get to see Elvis." Through all this, the sisters raise the unburied memories of the accident in which their mother died and the unfairness of their father in subsequent years.

There is enough melodrama on the one hand and wise-cracking on the other to keep an audience held. Lynne Parker, directing, yokes together these two contrary elements fluently. Anne Byrne (Deborah) and Gina Moxley (Mary) give flawlessly natural performances, in which the twitch of a mouth, or a momentarily prolonged facial expression can make the audience chortle. But Declan Hughes's writing never persuaded me that this was a story I needed to know, or that it would naturally end on so positive a note.

Alastair Macaulay

At the Bush Theatre W12. (081) 743 3388

Overwhelming sentimentality

It is good to see a lovely theatre full and humming, even if you do not much like the play. So it was at Richmond on Monday for Ivan Menchell's gloomy-sounding, but in fact remarkably cheerful *The Cemetery Club*.

Menchell is the only student of the Yale School of Drama so far to have written a play which moved to Broadway while he was still studying. That was in 1990. *The Cemetery Club* has since been turned into a movie not yet released outside the US. Meanwhile the stage version is touring Britain and if the Richmond reception is anything to go by, is going down a treat.

The style is heavily sentimental Jewish American and the influence of Neil Simon, whose *Lost in Yonkers* is still playing in London, is pervasive. It would not normally be to my taste. Yet there is at least one scene in this production by David Taylor that redeems it all.

Taylor also directs *Lost in Yonkers*. Whether it is his particular understanding of this kind of Jewish humour that makes the show, or the outstanding performances by three actresses, is hard to say. But I doubt if you can see Millicent Martin, Anne Charleston and Judy Cornwell, all of whom must be slightly over 29, dressed as bridesmaids in little girl blue after having been to a girl friend's umpteenth wedding, and having drunk too much wine, without feeling a pang of pure pleasure. They command the stage and it would be invidious to say which one comes out on top: they support each other.

For the rest, the sentimentality is a little overwhelming. The Cemetery Club is actually a group of widows who go to visit their husband's graves, clear up the leaves, polish the tombstones and talk to their husbands as if they were still alive every month. Meanwhile they think from time to time of finding a new man. The women remain very close even while they bitch.

There is not much more to it but perhaps it is close to the truth. A hardened theatre-goer told me at the interval that not long ago his 80-year-old mother-in-law had met her second husband in very similar circumstances – visiting the burial place of the first.

Malcolm Rutherford

***Richmond Theatre.* (081) 940 0220 till Saturday, then Peterborough, Woking, Canterbury, Swindon and Wolverhampton.**

London piano recitals

Glittering keyboard refinement

Krystian Zimerman's glittering display of keyboard refinement and control at the Barbican on Sunday was an unqualified delight. Seven years ago at the Edinburgh Festival he gave what remains the finest piano recital I've ever had the good luck to hear, Richter, Michelangeli and Horovitz included; if this programme of Debussy, Chopin and Schubert never quite achieved the same exalted heights, it was still a hugely distinguished occasion, full of subtleties of texture and articulation, keenly focused energy and unfailing musical intelligence.

In Debussy's *Estampes* Zimerman's powers were perfectly matched. "Pagodes" was rendered in glinting, lapping pastels, "Soirée dans Grenade" almost lazily impulsive, its climaxes vivid and intense, "Jardins sous la pluie" made crystalline and taut, without a hint of wishy-washy, fake impressionism. Chopin's B minor Sonata was then launched with a similar directness and rhythmic élan, almost evoking memories of Lipatti's legendary recording. Zimerman did not quite manage to sustain the same concentration through the first movement; the development section brought the only moment at which his playing seemed to lack a sense of purpose and direction. Even that though was quickly redeemed by a serene unfolding of the slow movement and an ebullient finale, gilded by the most exquisite figuration.

Schubert's B flat Sonata D.960 was not conceived on an epic scale, nor would one have expected it to be. Everything was laid out generously – the first movement included the repeat and much beautifully rounded phrase making; the slow movement was nudged forward in a series of carefully sculpted paragraphs; the scherzo offered seamless flows of perfectly purled melody. Yet the finale revealed unexpected moments of sharpened intensity, suggesting an emotional undertow to the whole performance which still needs further performances to mature and well up to the surface.

* * *

At the Purcell Room the following evening under the auspices of the Kirckman Concert Society the young British pianist Graham Scott offered an ambitious selection that included Beethoven's Op. 110 Sonata, Berg's Sonata and Chopin's *Polonaise Fantasie*, as well as Franck's Prelude, Chorale and Fugue and Rakhamninov's Corelli Variations. Scott, who trained at the RNCM, made his Wigmore Hall debut four years ago; he seemed on the evidence of this recital an immensely polished and confident artist. The absolute technical control one quickly took for granted, but each of these performances also had an impressive clarity of purpose and dramatic strength.

There are still moments when Scott rushes his climaxes – the rapt unfolding of the fugue in Op. 110 was marred by a hasty dash towards its climax, parts of the *Polonaise-Fantasie* were unhinged by an outbreak of assertiveness – but those few examples were more than counterbalanced by the calm distinction of so much of his playing. The way in which he wound down the coda of the Berg sonata, for instance, could never have been learnt by rote; its careful sifting of colours and layers seemed utterly instinctive and appropriate.

Andrew Clements

Ian Fountain offered a curiously short programme at the Queen Elizabeth Hall on Sunday, though he managed to elongate it to near-credibility. He is unmistakably a *musician* (at nineteen, he won the 1989 Arthur Rubinstein competition); I thought he traded upon that lucky virtue to the limit of indulgence. On Monday at the Wigmore Hall, the young Finn Juhani Lagerspetz delivered three heavy-duty piano works – Schumann's *Carnaval*, Skryabin's 5th Sonata and Beethoven's "Hammerklavier" – with tireless energy, imagination and dash, and without ever inviting us to admire his own pianism.

We admired it the more, of course. Lagerspetz has all the marks of a committed, inquiring interpreter with a sterling technique, but is much too Finnish to make any overt show of that. By contrast, Fountain drew out his first-half Mozart – just the C minor Fantasia, K.475, and the Sonata K.457 – with infinite pains. He dwelt lovingly upon every phrase and exquisitely balanced chord, and seemed to be aiming at Debussy's ideal of "a piano without hammers," squeezing the notes tenderly from the instrument.

None of Mozart's quick sections developed any momentum; there were too many delicate hesitations for that, too many phrases that went into a *rallentando* faint. (Some notes simply failed to sound; I wondered what it all sounded like further back in the hall.) After the interval, three of Liszt's Schubert transcriptions were subjected to the same treatment – even "Aufenthalt"! – and then Schubert's "Wanderer" Fantasy too, its virtuoso drive lost amidst so many sensitive shadings.

It was bracing to hear Lagerspetz the next night: first in a fine, resilient *Carnaval*, tingling with character, but with sentiment kept firmly in check. His Skryabin was better still – flashing attack, contrasts brilliantly engineered, a complete command of the idiom and of the intricate form of the work.

Lagerspetz's "Hammerklavier" Sonata was a triumph. I have never heard it so vitally realised by a performer of his years. He took the opening Allegro at an intrepid pace, perfectly sustained with no loss of detail, and rounded the work off with a fugue of splendid transparency and pith. It was the great Adagio sostenuto, however, that made the greatest impression; he unfolded it very beautifully, with steady, searching, self-effacing authority. It was a full-blooded "public" performance, certainly – but it lost nothing whatever by that.

David Murray

INTERNATIONAL ARTS GUIDE

■ ATHENS

Concert Hall Tonight: Gewandhaus Quartet plays works by Haydn, Mendelssohn and Dvorak. Tomorrow: La Camerata Orchestra plays works by Rossini, Pärt and Dvorak. Fri and next Wed: Athens State Orchestra. Sun: Mikis Theodorakis conducts ERT National Symphony Orchestra and Chorus in his Third Symphony. Next Tues: Fons Musicalis choral ensemble in works by Bach, Mendelssohn and others (722 5511)

■ BONN

Oper Valery Panov's new production of Prokofiev's ballet Romeo and Juliet is premiered on Sun, with further performances on April 14, 18, 20, 23, 26. This month's opera repertory consists of a new production of Puccini's Trittico (tonight and Mon), Der Freischütz (Sat and Tues) and Otello (773667)
Beethovenhalle Tomorrow and Fri: Michael Schoenwandt conducts Orchestra of the Beethovenhalle and Bonn Philharmonic Chorus in Bach's St John Passion, with soloists including Robert Gambill and Thomas Mohr (773666)

■ COLOGNE

Philharmonie Tomorrow: Peter Schreier conducts Bach's Matthew Passion. Fri: Krzysztof Penderecki conducts his St Luke's Passion. Sat, Sun, Mon: Ballet Teatro Espanol. Tues: Bernard Haitink conducts European Community Youth Orchestra in Mahler's Ninth Symphony (2801)
Opernhaus Tomorrow: Zar und Zimmermann. Thurs, Sat, next Wed: Rossini double bill. Fri: James Conlon conducts Lohengrin, with Eva Johansson, Gary Lakes and Sergey Leiferkus. Sun, next Thurs and Sun: Conlon conducts Liviu Ciulei's new production of Cosi fan tutte. Next Mon and Fri: Billy Budd (221 8400)

■ COPENHAGEN

Royal Theatre Tonight: Le nozze di Figaro. Next Tues: Drot og Marsk, Danish historical opera composed by Peter Heise in 1878. Next Wed, Thurs, Sat: Neumeier production of Prokofiev's ballet Romeo and Juliet (3314 1002)

■ DRESDEN

Semperoper Tonight: Ariadne auf Naxos. Tomorrow and next Wed: ballet mixed bill. Fri and Sun: Christoph Prick conducts Theo Adam's production of Parsifal, with Klaus König, Bernd Weikl and Marilyn Schmiege. Sat: one-act operas by Zemlinsky and Dallapiccola. Mon: Die Zauberflöte (484 2731)
Kulturpalast Sat evening, Sun morning: Tamas Vasary conducts Dresden Philharmonic Orchestra in works by Prokofiev, Mozart and Mendelssohn, with piano soloist Hélène Grimaud (486 6306)

■ DUSSELDORF

Deutsche Oper am Rhein Tonight: Aribert Reimann's Kafka opera Das Schloss. Tomorrow: Tosca. Sat, Sun, Mon: Les Contes d'Hoffmann (211-8908 211). Duisburg Theatre has a concert performance of I Puritani tonight, Salome tomorrow, Don Carlo on Fri and Zar und Zimmermann on Sun (203-3009 100)
Schauspielhaus Tonight, Sat and Sun (Kleines Haus): Maxim Gorki's Summer Guests, new production directed by David Mouchtar-Samorai. Tonight, Sat and Sun (Grosses Haus): Brecht's Mr Puntila directed by Hansjörg Utzerath. Tomorrow and next Wed: Shakespeare's A Midsummer Night's Dream. Fri: Büchner's Leonce and Lena. Tues: Gorki's Vassa Shelesnova (211-162200/ 211-369911)

■ FRANKFURT

Alte Oper Tonight, Sat, Sun, next Mon, Tues, Wed, Thurs: West Side Story. Tomorrow, Fri: Jesus Christ Superstar. April 16, 17: Kirov Opera (1340 400)
Opernhaus Fri, Sun: Ekkehard Kloke conducts Werner Schroeter's production of Lady Macbeth of Mtsensk, with Kristine Ciesinski. Sat: first night of new production of Cimarosa's Il matrimonio segreto, repeated next Mon and Fri (236061)
Schauspielhaus Tonight, Sat: Frankfurt Ballet in Forsythe's Limb's Theorem. Tomorrow and next Wed: Shakespeare's Othello. Fri and Mon: Sophocles' Antigone. Sun: Shakespeare's Merchant of Venice (2123 7444)

■ LYON

Auditorium Maurice Ravel Fri and Sat: Woldemar Nelsson conducts Orchestre National de Lyon in Mahler's Kindertotenlieder (José van Dam) and Fifth Symphony (7860 3713)

■ HAMBURG

Staatsoper Tonight: Gerd Albrecht conducts Günter Krämer's staging of Das Rheingold, with Hartmut Welker and Horst Hiestermann. Tomorrow and Sat: John Neumeier's choreography to Mahler's Third Symphony. Fri: Die Walküre with Gabriele Schnaut and Simon Estes. Sun: Der Rosenkavalier with Anna Tomowa-Sintow and Jeanne Piland. Mon: Siegfried with Schnaut and Heinz Kruse. Tues: Neumeier's ballet A Midsummer Night's Dream. Next Wed: Otello (351721)
Musikhalle Tonight: Hamburg Symphony Orchestra. Tomorrow: Nina Simone. Fri: Göttingen Symphony Orchestra. Next Tues: Margaret Price song recital (354414)
Deutsches Schauspielhaus Tonight: Konigsblüt, Augusto Fernandes' adaptation of Ibsen's Pretenders. Tomorrow: Thomas Bernard's Die Macht der Gewohnheit. Fri: Gorki's Vassa Shelesnova. Sat and Tues: Der kleine Faust, opera bouffe. Sun and next Wed: Feydeau's A Flea in Her Ear. Mon: Arthur Miller's Death of a Salesman (248713)
Thalia Theater Tonight and Fri: Ariel Dorfman's moral thriller Death and the Maiden. Tomorrow: first night of new production of Schiller's Kabale und Liebe, repeated Tues. Next Wed, Thurs, Fri: Bob Wilson's Black Rider (322666)

■ LEIPZIG

Gewandhaus Tonight: Kurt Masur conducts New York Philharmonic Orchestra in works by Barber, Bright Sheng and Dvorak. Tomorrow and Fri: Georg Christoph Biller conducts Gewandhaus Orchestra and Thomanerchor in Bach's St John Passion. Sun: Daniel Nazareth conducts MDR Symphony Orchestra in popular works by Elgar, Chabrier, Offenbach, Sibelius, Smetana and others. Mon: Peter Schreier song recital (7132 280)

■ MUNICH

Gasteig Tonight: Roger Whittaker. Tomorrow: Hans-Martin Schneidt conducts Munich Bach Chorus and Orchestra in Bach's Matthew Passion. Sat: Enoch zu Guttenberg conducts Munich Bach Collegium in Matthew Passion (4809 8614)
Herkulessaal der Residenz Tomorrow, Sun, next Wed: Marek Janowski conducts Bavarian State Opera concert performance of Parsifal, with Siegfried Jerusalem, Jan-Hendrik Rootering, Wolfgang Brendel and Waltraud Meier (221316)
Prinzregententheater Sat and Mon: new Bavarian State Opera production of Schoenberg's Pierrot Lunaire and Busoni's Arlecchino. Repeated April 15, 16, 18 (221316)
Cuvilliés-Theater Mon: Peter Schneider conducts revival of Theo Adam's production of Capriccio, with Pamela Coburn. Repeated April 15, 17, 20, 22, 24 (221316)
* A selection of theatre and concert tickets is available at Konzertkasse Beck on the fourth floor of the Beck department store at Marienplatz 11

■ STOCKHOLM

Royal Opera Tonight: Kirov Ballet. Tomorrow, Sat, next Tues: Sixten Ehrling conducts Ann-Margret Pettersson's production of Pelléas et Mélisande (248240)

OPERA
The repertory at the Staatstheater consists of Un ballo in maschera tonight with a cast headed by Michelle Crider, Eva Randova and Wolfgang Schoene, Cosi fan tutte tomorrow and next Wed conducted by Alan Hacker, Tannhäuser on Fri and Mon with Ellen Shade, Toni Krämer and Manfred Schenk, and a Stuttgart Ballet triple bill on Sat, with choreographies by Zanella and Béjart. Sun: Janos Kulka conducts a Wagner concert with soloists including Eva Randova (221795)

THEATRE
A new production of Glaube Liebe Hoffnung by early 20th century German dramatist Odon von Horvath opens on Fri at Kleines Haus, directed by Wolf-Dietrich Sprenger. The repertory at Theater im Depot includes Shout Across the River by British playwright Stephen Poliakoff (221795)

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Edward Mortimer

Truly, widely, deeply

A more federal Europe could lead to greater individual freedom

Formal negotiations on Norway's application for membership of the European Community began in Luxembourg on Monday.

Actually that is not quite right. Norway, along with the other three applicants from the European Free Trade Association (Austria, Finland, Sweden), was told that it must accept the Maastricht treaty. That means that they are negotiating to join, not just the EC, but the future European Union (EU).

That assumes, of course, that Denmark and the UK will actually ratify Maastricht. If either of them fails to, the treaty is null and void and the EU non-existent. There would then be a period of confusion, from which would emerge – probably quite quickly – two parallel efforts to replace Maastricht with something else.

One would be made by an inner group or "hard core" of countries determined to salvage the essential features of Maastricht and apply them among themselves even if some EC members do not participate – following the model of the Schengen treaty on removal of internal borders, to which all EC members except Britain, Ireland and Denmark are now signatories.

The other would be a more modest attempt by all Community members to salvage a mini-Maastricht, consisting of only those elements which could be generally accepted as both valuable in themselves and non-threatening to state sovereignty.

Negotiations with the applicant countries would in any case proceed, since they would still want EC membership. Obviously Maastricht could no longer be presented to them as part of the *acquis* that they are required to accept as a precondition. Nor could membership of the "hard core". In theory, it would be possible for the 12 to negotiate the mini-Maastricht among themselves and then introduce it as an *acquis* into the negotiations with the applicants. But it would make a lot more sense to include the applicants in the discussion from the start.

Similar considerations apply if Maastricht is ratified and the EU does come into existence, presumably by the end of this year. If negotiations with the applicants go smoothly their accession to the EU should be ratified next year, in which case they would be full members in time to join the Maastricht revision conference scheduled for 1996. But even if that timetable slips, it would be stupid for the existing members to negotiate revisions to the treaty in the absence of the new members, to whom those revisions would have to apply – especially as one of the main reasons for revising the treaty will be the need to adapt it to an EU of 16 members.

British ministers and officials view the revision process with considerable apprehension. They dread being asked to administer new doses of "federalism" to a British body politic which is clearly allergic to them, especially if (as is likely) the conference coincides with the next general election campaign. I have argued, and still believe, that one way to avoid a repetition of the Maastricht nightmare is to entrust the revision to an elected constituent assembly, instead of another intergovernmental conference.

A union with more members should confine itself to fewer areas of competence

It is equally important to think more clearly about what sort of constitution Europe actually needs. British officials warn that "Maastricht is the maximum that is conceptually possible", and that "widening must not be made the excuse for further deepening".

But the word "deepening" can mean two very different things. If it means giving the EC, or the EU, new areas of competence, then indeed it should be resisted. If anything a union with more members should confine itself to fewer areas of competence – those in which a genuine common interest can be discerned and in which one member state by itself may not be able to take effective action.

But if "deepening" means giving more power to the union's central organs so that it can act decisively and effectively in areas where joint action is agreed to be necessary, then indeed a wider union does need also to be a deeper one. Otherwise it will be paralysed by the endless search for consensus among 16 governments.

Similarly the word "federalism" needs to be demystified. Many people in Britain seem to assume that a federal European authority would diminish their freedom, acting in an arbitrary and undemocratic way. But actually that is much truer of intergovernmental procedures, when national ministers meet to take decisions behind closed doors, with the accountability of each to his national parliament being diluted both by secrecy and by the need to agree with (or be outvoted by) his colleagues from other countries.

By contrast, federalism makes the central executive accountable to a federal parliament; and by distributing power among different levels of government it makes its arbitrary use much more difficult.

By appealing to a federal constitution, states can resist central encroachment on their powers; but individuals or local authorities can also appeal at the federal level against arbitrary action by the states; and a federal supreme court is there to decide who has the constitution on their side in each case.

All this also makes for greater transparency, as each level of government has to publish and defend its decisions, instead of everything being sorted out within a hierarchy of officials answerable only to those above them.

It is high time someone explained to the British people that a "deeper", more federal Europe could actually meddle in fewer aspects of their everyday lives than the present model, and yet secure a net increase in their individual freedom.

A setback, but the search goes on

Disappointments over AZT are unlikely to slow research into Aids treatments, says Clive Cookson

The virus that causes Aids, HIV, is the most intensively studied microbe in history. Worldwide spending of about $2bn a year on Aids research has produced extraordinary knowledge of HIV but no effective treatment for the infection, as the disappointing outcome of an international trial of the leading Aids drug AZT showed last week.

However, with 12m people worldwide estimated to be HIV-positive and the total direct and indirect costs of the disease running at $90bn a year, government health agencies and the pharmaceutical industry say there will be no let-up in their research effort.

The virus is deceptively simple; it has a genetic blueprint of just nine genes (compared with 100,000 in man) producing 15 proteins. Scientists now know the precise chemical sequence of all the genes and proteins, yet they cannot develop a selective drug to jam the vital processes of HIV without devastating the cells it infects.

Aids researchers face two fundamental problems. First, HIV mutates more quickly than any other microbe known; there are countless different strains, and within each patient the virus changes character as the disease progresses. Therefore drug-resistant forms can evolve very fast.

The second problem is that, although the chemistry of the virus itself is simple and well understood, scientists are still baffled by the extremely complex process through which HIV infects human cells and then, several years later, destroys the immune system.

One particularly puzzling feature of Aids is that patients have very low levels of the virus in comparison to other infectious diseases. Indeed HIV may not actually "infect" most of the cells it kills; it may somehow set off a cascade of "cell suicide" similar to an accelerated ageing process.

AZT was rushed through the approvals process and onto the market in 2½ years – a record for any drug – after Wellcome researchers discovered its activity against the newly discovered HIV in 1984. It can prolong the lives of patients with full-scale Aids by several months, but clinical trials show that the benefits wear off with time. As the Anglo-French Concorde study concluded last week, after three years, people with HIV taking AZT had just as many Aids symptoms as those on an inactive placebo.

Although AZT is still the mainstream Aids therapy, regulatory authorities approved two new drugs last year: DDI from Bristol-Myers Squibb of the US and DDC from Roche of Switzerland. All three belong to a group of synthetic chemicals called nucleoside analogues which work by mimicking natural building blocks of genetic material. When HIV takes up a drug molecule, it stops replicating.

The theory behind nucleoside analogues may sound convincing but in practice they are "relatively ineffective drugs", says Dr Joep Lange, head of clinical research for the World Health Organisation's global Aids programme. They produce only a 10-fold suppression of viral activity, whereas an antibiotic will suppress bacteria by a factor of many million.

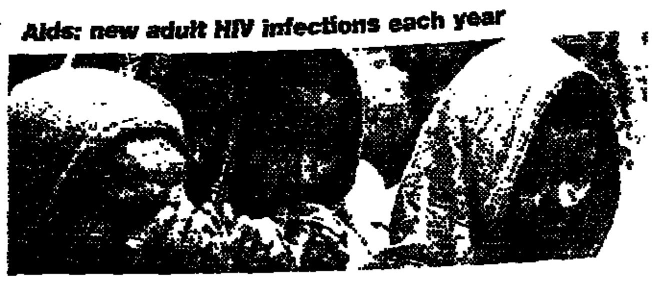
"On a scientific level, I think AZT and all the simple nucleoside analogues have been massively oversold," says Dr Alan Kingsman of Oxford University. He points out that a modest suppression of HIV might have no clinical benefit if the virus is not killing cells directly but triggering a process of cell suicide.

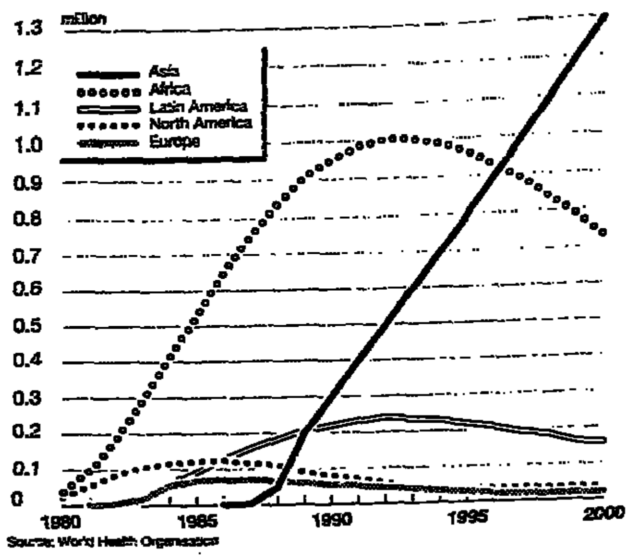
Over the past year, Aids specialists have come to agree that no nucleoside analogue on its own will treat HIV effectively in the long term. "Combination therapies are likely to become the mainstay," says Dr Trevor Jones, research director of Wellcome. AZT is likely to be part of most "cocktails" developed in the near future.

Clinical tests have already demonstrated two advantages of pharmaceutical combinations: first, the ingredients may have a synergistic effect on each other; and second, it is far more difficult for HIV to mutate in a way that develops resistance to several drugs at once. Their disadvantage will be financial. A course of AZT at the minimum recommended dose already costs £1,900 a year and the price of a combination with other patented drugs may be prohibitive.

Although nucleoside analogues are in the forefront of HIV drug development – and two more, Glaxo's 3TC and Bristol-Myers Squibb's D4T, are beginning large-scale clinical trials – different approaches may be more promising in the long run.

Aids: new adult HIV infections each year





Source: World Health Organisation

Therapeutic vaccines are an example. They are designed not to prevent infection like a conventional vaccine but to boost the immune defences of people who are already HIV-positive. British Biotechnology recently started clinical trials of one such product called p24-VLP; this includes multiple copies of an HIV core protein, packaged in a virus-like particle made by genetically engineered yeast cells.

Genetic attacks on HIV are a somewhat more distant prospect. But some US biotechnology companies are planning to put anti-viral genes into the blood cells of Aids patients, and others want to use so-called anti-sense technology to de-activate the virus by blocking its genes.

Doctors such as Professor Anthony Pinching of St Bartholomew's Hospital, London, say they are impressed by the way the pharmaceutical industry continues to pour several hundred million dollars a year into Aids research and development, even though patient activists have directed a long campaign against Wellcome, the only manufacturer to have made money out of an anti-HIV drug, for allegedly profiteering at their expense.

Indeed Dr Richard Sykes, chief executive of Glaxo, says his company is devoting more resources to Aids R&D than the likely return from successful products would justify according to normal commercial criteria. "I don't see any cut-throat competition in drug development in the Aids area," he says. "No one is going to make much money from this but we need to show that the pharmaceutical industry can produce the goods when it needs to."

The scientific credibility of any large drug company would be at stake if it pulled out of such an important field. The argument that Aids is a special case may not appeal to someone dying of another incurable illness, but it may be reasonable to devote a disproportionate share of pharmaceutical R&D funds to Aids because it poses an incalculable threat for the future which makes it genuinely different from the established killer diseases.

"The virus is relatively innocuous at the moment because it does not transmit very easily," Dr Kingsman says. "But what if it became more robust and was transmitted like 'flu?" The risk of that nightmare scenario coming true may be remote but with such a fast-mutating organism as HIV it cannot be dismissed entirely.

Assuming that HIV does not change significantly in the near future – and is spread only by sexual contact, blood or maternal transmission – forecasts of the number of people infected in the year 2000 vary from the World Health Organisation's conservative 30m-40m up to 120m.

The latest WHO estimates of the number of new infections each year (see chart) show peaks in the mid-1980s in Europe and North America and in the early 1990s in Africa and Latin America – though the long delay between infection and disease means that actual Aids cases will continue rising in these regions into the next century. The most frightening picture is for Asia, where the the number of new HIV-positives is expected to go on increasing until about 2010.

The total worldwide cost of Aids is probably running at about $10bn a year for direct treatment, prevention and research and $80bn indirectly from loss of earnings.

Figures such as those are helping to persuade governments to increase spending on Aids research – and to ignore the small group insisting that the threat from the disease has been grossly exaggerated by a medical establishment eager to nurture a worldwide "Aids industry". The Clinton administration is leading the way with plans to set up a strengthened Office of Aids Research with a $1bn annual budget.

If that level of commitment is maintained, researchers should eventually translate the scientific understanding of HIV into treatments that work far better than AZT.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Don't shoot the economic modellers

From Mr Jeremy Bray MP.

Sir, Your report ("Treasury economic model may be run by US group", April 6) that "a key element" of preparing the Treasury's forecast could be contracted out to DRI, the American economic forecasting company, does not specify what that element might be. The implication, however, is that the element in question is the maintenance of the Treasury model.

Under the Industry Act 1975, the Treasury is required to "keep an economic model". This is not a "secretive process", as you say; under the requirements of the act, the model is publicly available. It is used by outside forecasters, and is independently tested and compared with the other main economic models by the Warwick University Macroeconomic Modelling Bureau.

Furthermore, the model clearly pointed to the need for continuing increases in interest rates, as well as tax increases, following the stock exchange crash in 1987, instead of the folly which has cost us so dear.

Despite ill-informed press criticism, economic modelling practices in the UK are in most respects technically well ahead of those in the US. The econometric modelling methods developed by Professor David Hendry of Nuffield College, Oxford, are used by the Federal Reserve Board, which within the US is more advanced than DRI.

The chancellor of the exchequer wrote to me on March 3 saying that "there are no plans for the Treasury to give up economic forecasting". Although using models built by others is better than nothing, it is no substitute for an organisation maintaining its own model. Without that there is no way of judging the weight of evidence behind the particular assumptions made.

For example, currently the Treasury model is doggedly sticking to its finding that there has been no improvement in the underlying trend of Britain's exports of manufactures, although the National Institute of Economic and Social Research found a reversal of trend, which it has now rationalised by a shift in the composition of export markets towards faster growing sectors.

The chancellor can ignore the evidence of his own career officials, but he would be silly to shoot the modellers.

Jeremy Bray,
House of Commons,
London SW1A 0AA

Failure to deliver what Russians most require

From Elizabeth Jones.

Sir, Once again a big new effort is to be made to give aid to Russia. The problem surely is that it is not promises of aid which have been wanting. It is the delivery which is at fault.

According to the European Community's court of auditors, the Community, for example, voted aid of Ecu835m (£689m) for 1991; a further Ecu1.75bn (£1.44bn) was voted in loans and guarantees. Yet by December 31 1992, none of this money had been paid out.

According to a senior official in the EC unit dealing with Russian aid, the unit prefers to work with non-profit-making bodies such as academic institutions and charities. This is fine for developing capitalist theories of government, but it is scarcely going to produce the working free-market economy which the west wants and the Russian government needs.

I am a non-executive director of a company which has had a technical assistance agreement with a former Russian ministry for 18 months. We have been told that our Russian partners are not entitled to aid from the EC with which to purchase this technical assistance because their sphere of activity "does not fit" the categories chosen by the EC for aid, despite the fact that one of the categories is human resources training.

The Russians are attempting to find work outside Russia with which to earn much-needed foreign currency. The ministry has (or had) a highly-skilled workforce of 800,000. Is this really the best the Community can do?

Elizabeth Jones
9 The Terraces,
Garner St,
London E29AQ

From Mr Jonathan Morris

Sir, I recently started a company in London with a representative office in Moscow. My Russian contacts are desperate to buy all kinds of fast-moving consumer goods for immediate export to the Commonwealth of Independent States. I have been contacting many blue chip companies, in the UK and overseas, in order to obtain quotes for their products.

I have evidently mistakingly assumed that during a time of recession in many part of the world, companies would be bending over backwards to sell their goods to whichever country wanted them. This apparently is not so. A small proportion of the companies I contacted took more than a week to respond, despite my requests for a prompt reply; most did not even bother to respond at all.

What does one have to do to increase this country's export potential, or at least boost the order books of businesses which claim to be suffering from recession.

Jonathan Morris,
The Free Trade Corp,
25 Orchard Rise,
Kingston,
Surrey KT2 7EY

Tecs provide special programmes for women

From Diana McMahon.

Joanna Foster's comment (Letters, April 3) is welcome since your article "EOC says women overlooked by Tecs" (March 31) did not reflect my own experience at the local level, or that of other training and enterprise councils.

In Bedfordshire, in addition to all the normal programmes available for women, we run six initiatives to tackle the barriers experienced by women who want to train, start a business or return to employment.

An example is the Tecs' Out of School Clubs programme which is now being expanded with funds from the secretary of state's Childcare Initiative to make it easier for parents, particularly women, to have choice of work and training opportunities.

We are just one Tec; I know personally of some 12 others providing special opportunities for women and there are many more reported in local Tec newsletters.

However, the issue of the severely retracting workforce, the consequence of recession, is real and has certainly had an adverse effect on women's prospects. Tecs continue to work with employers and all members of the workforce – particularly those disadvantaged in the community – to overcome these difficulties. Since women represent almost half of the workforce they receive a great deal of attention in Bedfordshire – and throughout the Tec network.

Diana McMahon,
chief executive,
Bedfordshire Training & Enterprise Council,
2 Railton Road,
Kempston,
Bedfordshire

The tough nuts to crack

From Mr Paul Martin.

Sir, Christopher Lorenz's article (Management, April 2), alluded to organisational re-engineering as a "cure-all" for business performance. That is patently not within the realities of executive life.

The consultancy sales pressure on the re-engineering/design topic is real, but the sales pitch and follow-up proposal are often the best bits. Delivery of measurable business benefits is often illusory.

The nut to be cracked is not comprehending the latest consultancy fashion; it is establishing the right measures in business so as to produce bottom-line improvements. One measure is to cut jobs; but this is often a reaction to problems with the most important measure of all – income generation. Consulting firms take that aspect very seriously in their own businesses.

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FINANCIAL TIMES
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Wednesday April 7 1993

Labour and industry

THE STRIKING feature of Labour's latest attempt to develop an industrial policy is not that it looks like yet another retreat into the nostrums of the 1960s. Rather, it is that the emphasis on manufacturing is no longer an exclusive Labour preoccupation. Much in this new draft could have been written without a blush by members of John Major's government. More could have been written by leading luminaries in the administration of Mr Bill Clinton. But the mere fact that the spirit of the times seems to have moved closer to Labour rather than vice versa is something less than an overwhelming commendation for a mixed bag of policy proposals.

The convergence of political interest in manufacturing is, of course, no coincidence. With the country running a huge trade deficit in the depths of recession, the case for shifting resources into manufacturing is easily made. But to jump from there into the technological nationalism espoused by some of Mr Clinton's economic advisers is more contentious.

The evidence, such as it is, suggests that success in high-technology industries is a result of general economic success, not the other way around. While the Japanese have demonstrated increasing technological sophistication in generating their economic miracle, their high-growth rates have had more to do with good macroeconomic management and a culture that values such things as saving, education and harmonious labour relations, than with any obsession with technology.

Labour is nonetheless clearly tempted by a reform of corporate governance that would take Britain closer to systems such as the Japanese or German, which recognise government, employees, creditors and others as having a stake in the business. But most of British management remains antipathetic. Legislating for employees in the boardroom is thus not practical politics.

And while Labour has interesting ideas on such things as the structure of the financial system, investment incentives and the operations of the bankruptcy laws, it is not clear that these and other components of industrial policy are central to addressing Britain's competitiveness problem.

The country's structural trade deficit is very largely a reflection of inadequate investment in the production of tradeable goods and services, itself largely explained by stop-go policies and consistently low profitability. What is needed is to constrain the growth of real wages and stimulate higher savings and investment.

It is questionable, however, whether Labour, any more than the Tories, would be willing to forego the customary pre-electoral boost to wages and reduction in private savings that deliver votes, but at the cost of swelling the trade deficit and restarting the stop-go cycle. It is here, not in technological mercantilism, that the miracle economies of the east have the most valuable lessons to impart.

Nigeria in crisis

IN THE FIELD of economic mismanagement, Nigeria is in a class of its own. Billions of dollars earned during the 1970s oil boom have been squandered on white elephants and kickbacks. An economic reform plan, introduced by President Ibrahim Babangida in 1986, collapsed within three years. Since then frequent promises to do better have not been kept. In short, calling for help for Nigeria seems akin to supporting parole for a notorious recidivist.

Yet the case for supporting economic reform in Nigeria is stronger today than ever, despite this dismal track record. Burdened by debts and accelerating inflation, and nearing the end of a flawed transition to civilian rule which encourages the short-term instincts of the presidential candidates in June's election, there is a risk that Nigeria will experience a Kenyan-style swing to economic populism or worse. The oil and gas sector might still flourish; but export receipts would be siphoned abroad as the impoverished hinterland deteriorated further.

The west might feel able to look on with equanimity in the short term. Arrears on the country's $30bn external debt are mounting; but capital flow is in the creditors' favour. Their advice to Nigeria is straightforward: proceed with the June election, but forget the idea of concessional debt anytime soon.

Yet a longer term perspective demands an urgent search for a fresh approach. Ten years of deepening austerity have exacted a heavy toll on Nigeria. Sooner or later, the strains will become intolerable, risking the destabilisation of the entire west African region in the process. A surge in Moslem extremism, lying not far below the surface in Nigeria, and a rise in emigration to southern Europe are two likely consequences. The UN initiative in Somalia has already cost $1.5bn; the cost of restoring order in west Africa would be incalculable.

Creditors must grasp what may be a last opportunity to persuade Nigeria's leaders that economic reform makes sense. Of course, the creditors cannot offer debt relief unless they are convinced that the budget deficit is under control - the principle of an IMF deal as a pre-condition for relief should remain inviolate. But the IMF should use this month's visit to Nigeria to draw up a "shadow" reform programme with the reform-minded transitional council. The elected government can then inherit this programme at the August hand-over.

In return the Paris Club creditors should pledge that staged debt relief will commence as soon as the budget is under control. Conditions should include external monitoring of the central bank and important ministries to ensure transparent accounting of incoming revenues and spending.

Only then might the west persuade both the military leadership and the new civilian president to put prudence before populism. It may not succeed. But it would be better than simply waiting for Nigeria's disaster to happen.

ITV tangle

FROM ONE point of view, yesterday's report by the Monopolies and Mergers Commission on Channel 3 networking arrangements is an elegant solution to an intractable dispute over the operation of Britain's reorganised independent television system. From a longer-term perspective, however, the exercise smells unmistakeably of fudge.

The MMC's achievement has been to find a formula for bringing the contractual arrangements between the newly franchised ITV companies and independent producers into line with competition law, while managing also to leave both sides claiming victory. Yet it has done so only by devising an elaborate and provisional compromise. The MMC itself is unsure how well it will work, arguing that it would be unwise to impose rigid prescriptions on an untried broadcasting regime. Indeed, the MMC explicitly recognises that the Office of Fair Trading, which will monitor the arrangements, may be required to intervene again in the future.

In the circumstances, the MMC has probably done about as much as it reasonably could. Its remit extends simply to the specific competition issues raised by a somewhat technical dispute over the contractual arrangements between independent programme makers and broadcasters. However, that dispute is a reflection of strains caused by deep contradictions and uncertainties in government policy towards broadcasting.

In drawing up the ITV franchising regime, the Thatcher administration set two main objectives. One was to create a vigorous independent production sector. It now appears that insufficient thought was given to creating market conditions in which independent programme makers could gain network access while earning returns adequate to attract outside capital.

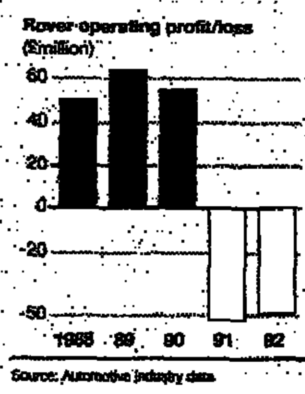
That shortcoming stems in part from confusion about the second objective - making the ITV system more commercial by exposing it to market forces. The new franchise system has undoubtedly put pressure on the ITV companies to cut costs. However, the policy stopped well short of driving competition to its logical conclusion.

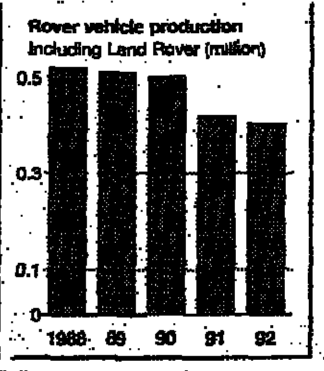
The ITV companies are supposed to behave like commercial animals. Yet they inhabit an environment which retains many of the paternalistic features of the old system. They are subject to necessarily subjective quality standards. Their ownership structure is hemmed in by restrictions on cross-ownership and merger, which also inhibit the development of a UK television industry able to compete internationally.

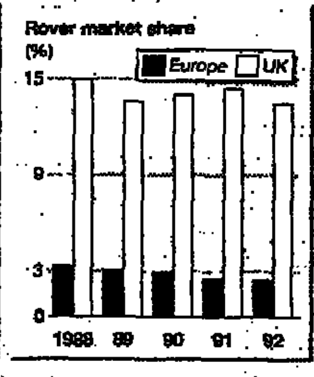
In the longer term, competition from satellite and cable broadcasters - which are subject to none of these conditions - is likely to subject the system to overwhelming pressures for change. In the meantime, its internal contradictions threaten to produce further strains and conflicts, to which the intervention of competition authorities can offer, at best, only a partial solution.

'Roverisation': the key to survival

Rover 620GSi







Source: Automotive Industry data

Honda Accord 2.0i

Co-operation with Honda and upmarket models are the route to profits for the UK car maker, says **Kevin Done**

Road map to the Rover's return

Honda and Rover may have stopped short of marriage - for the time being at least - but they are happily cohabiting in the strongest relationship yet formed between a Japanese and European carmaker.

Their latest jointly developed vehicles, the new generation Honda Accord and the Rover 600, are being readied for launch. The large family saloons, which look different but have the same engines and gearboxes and mostly shared components, are set to become crucial milestones in the development of both companies' fortunes in Europe.

For Rover, the relationship is particularly vital. The 600 series, unveiled today, is the latest in the line of new vehicles launched since 1989 aimed at transforming Rover from its British Leyland past as a failed maker of poor quality volume cars into its hoped-for future as a producer of premium upmarket models capable of competing with the likes of BMW and Audi.

The process, dubbed "Roverisation", is key to its strategy for survival in Europe as a medium-sized producer of around 500,000 vehicles a year (including Land Rover) which is competitive with the world's largest manufacturers.

Rover, which was sold by the government to British Aerospace in 1988, has weathered the worst of the UK recession. It has contained its losses in the past two years while pressing ahead with its new model programme. By the end of 1992 about 90 per cent of its sales were of models launched in the preceding three years.

In August, five years after the takeover, BAe will be freed of government constraints on disposing of the Rover operations. Mr John Cahill, BAe chairman, says the date is "increasingly a red herring". As speculation rises over a possible Rover sale, he insists, "we have no plans to sell Rover. Rover remains part of our core business strategy."

The assertion is only credible in the context of the link with Honda, which holds a 20 per cent stake in the Rover vehicle operations, and has shown little inclination to raise the holding.

"If BAe wished to sell Rover Group in the future, then we would have to review the situation," says a Honda spokesman. "It would be difficult to continue the sharing of technology and designs if it was sold to another manufacturer."

For Rover the relationship with Honda, now in its 14th year, has spelled survival. Rover's existing 200/400 small family car and 800 executive ranges were the result of collaborative projects with Honda. The two companies are currently at an advanced stage in negotiating their next important co-operative venture, the development of a new small car that would replace Rover's Metro in the mid-1990s.

With the launch of the 600, Rover is dependent on Honda technology for three of its four main car ranges, and it is doubtful whether it has the resources to develop an all-new mainstream car programme on its own. According to Mr John Towers, Rover Group managing director, the UK company accounted for about 15 per cent of the engineering hours in the series 600 project, in which it has invested around £200m. He claims the joint programme has saved Rover about £150m in development costs.

"If we were going alone we would have had higher variable costs. We would have had to push up volumes, which would have meant higher marketing costs. Everybody is getting into joint ventures, not because it's fashionable but because it makes economic sense."

Crucially, however, the Honda link has left Rover with the independence to pursue its own strategies based on Honda chassis platforms. In particular, the Rover 200/400 - the sister car of the Honda Concerto - has spawned a host of derivatives developed exclusively by Rover. These include coupé, cabriolet and diesel models.

The benefits of the relationship with Honda go beyond technology and resources. "We have acquired an insight into Japanese best practice and processes," says Mr George Simpson, chairman of Rover and deputy chief executive of BAe. "The Honda relationship has been invaluable as a learning opportunity."

Mr Simpson claims that the "learning process" has given Rover big opportunities to reduce costs in every aspect of its business, from moving to just-in-time production, to lean distribution, to the creation of a flexible workforce.

Rover's "new deal" package of labour reforms, achieved in the past two years without confrontation, is aimed at allowing it to compete with the UK plants of Nissan, Honda and Toyota.

"With a single-status employee base represented by a single negotiating body, we have together achieved mutual benefits. We have full flexibility, genuine team working, and employees who are comprehensively involved in process improvement and waste elimination," says Mr Simpson.

Despite such improvements, the severity of the UK recession has taken its toll on the car company. The Rover vehicle operations have fallen into deficit in the past two years with an operating loss of £49m in 1992 compared with a loss of £52m in 1991 and an operating profit of £65m in 1990.

But BAe expects Rover to move back into profit this year. It believes recovery will be based on:

- stronger new car demand with UK new car sales forecast to rise to 1.65m from 1.59m in 1992;
- a further reduction in costs following a 7.5 per cent improvement in productivity in 1992;
- the launch this month of the Rover 600 range; and
- improved competitiveness gained by depreciation of sterling.

As consumer demand in the UK shows signs of revival, Rover is pushing ahead with its ambitious cost-cutting plan. In the first quarter of this year the workforce was reduced, through voluntary redundancies, by about 2,000 to just over 31,000. This compares with 35,000 at the end of 1991 and 40,500 at the end of 1990.

At the same time, productivity gains have reduced Rover's break-even point to an annual production of around 440,000 vehicles last year. The target is to reach a break-even level of 400,000.

Improved productivity is partly a result of investment in new plant and equipment. Rover's assembly plant at Cowley, Oxford, has been transformed from one of the UK motor industry's oldest manufacturing complexes into a compact plant for the production of Rover's large cars, the 800 series executive car and now the 600 series.

Rover has invested around £215m in the new Cowley facility, which has a capacity to produce 110,000 cars a year including more than 50,000 of the 600 series cars.

Mr Towers claims that Cowley is now "an advanced and flexible production plant within existing buildings - but with many of the advantages of a greenfield site".

Rover's ambition to return to profit this year does, however, face obstacles. In particular, a sharp fall in new car demand in continental Europe threatens to offset the benefits of increased competitiveness resulting from the depreciation of sterling after Britain's withdrawal from the European exchange rate mechanism last September.

Despite the weakness of the continental market, Rover executives are determined to increase their presence there. Dependence on the UK market, which accounts for around 57 per cent of its vehicle sales, is Rover's Achilles' heel, say industry observers.

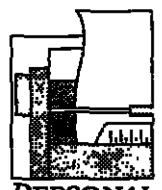
In an attempt to bolster its presence in continental Europe, it has expanded its dealer network in Germany from 120 to 150 last year. It is aiming to add another 100 by 1995.

The company hopes that the Rover 600 will help it to build a bridgehead to the Continent, and more than half of production is earmarked for export.

In continental Europe, as elsewhere, the 600 is being pitched against the BMW 3-series, the Audi 80 and the Mercedes-Benz 190, as Rover seeks to set itself apart from the dogfight among the volume car makers such as VW, Fiat, Ford and General Motors (Opel-Vauxhall).

The tired Montego, Rover's old product in the segment for large family cars and a legacy from BL, may have had to fight a losing battle against the likes of the Ford Sierra - now replaced by the Mondeo - and the Vauxhall Cavalier. But with the 600 Rover has set its sights upmarket. Roverisation is about to face its critical road test.

Rewrite the rules for regulation



PERSONAL VIEW

Damaging disputes are raging in most of Britain's privatised utilities. The water companies and their regulators are arguing about the cost of environmental standards. The row between British Gas and Ofgas has not been quietened by a Monopolies and Mergers Commission inquiry. The electricity industry, its regulator and the government have reached a truce following their dispute over coal contracts.

These battles illustrate an increasingly obvious point: the regulatory framework is in crisis and in urgent need of reform.

In the British administrative tradition, the rules of the game (laid down in licences and legislation) are poorly defined. Director-generals are appointed with wide discretionary powers to ensure the utilities act in the public interest. General duties, such as "promoting competition", allow regulators to interfere in virtually any aspect of the utility's business.

Also, since terms such as "competition" can be interpreted in a variety of ways, a regulator can choose which competition model he wishes to employ. The result is inevitable: unaccountable to anyone, regulators pursue their own agenda, leaving regulated companies, shareholders and customers to play a costly guessing game.

Regulators not only have discretion over the interpretation of the rules; they can also change them. Almost all regulators have implicitly rejected many of the original terms of privatisations and have chiselled away at the structures of their industries.

Prof Stephen Littlechild, the electricity regulator, has presided over a 'dash for gas' at a time of excess capacity, allowing the regional electricity companies to integrate vertically through long-term contracts. His counterpart in the water industry, Ian Byatt, rejects much of the rationale behind new environmental standards. At Ofgas, Sir James McKinnon has now decided that the gas industry should be broken up.

The utilities' licences can be changed easily. The regulator proposes modifications, which the utility can accept or reject. Rejection, however, leads to a referral to the MMC, the prospect of which is usually enough to make a utility accept a regulator's proposals. Core issues such as the closure of power stations and the accounting structure of BT are being dealt with in this way.

The 'promotion of competition' allows regulators to interfere in most aspects of a utility's business

This exploitation of discretion has meant that, contrary to its designers' intentions, UK regulation has turned out to be heavy-handed. While some discretion is desirable, a distinction should be drawn between the interpretation of licences and changes to them. The latter are fundamental. They touch on wider public interests, and should be debated publicly.

The power of regulators to "negotiate" amendments to licences without public debate should be curtailed. The licences were defined by government and sanctioned through legislation. These licences set the "regulatory contract" between privatised companies and their customers. It is not appropriate to permit largely unaccountable regulators to alter their terms, behind closed doors. An automatic reference to the MMC, with a public consultation period, is a minimal requirement.

However, reform should go further than this. A consistent set of principles for the conduct of regulation is required. In particular, these should define a common approach to setting prices. At present, each regulator chooses his own preferred method. However, it is time for a common methodology. This could be provided by a white paper on utility regulation, to complement the 1978 white paper, which still provides the framework for regulating nationalised industries.

The institutional structure of regulation also needs to be reconsidered. The current system of a host of ad hoc semi-autonomous offices of regulation leads to inconsistency. An Office of Regulation should be set up, reporting to the Department of Trade and Industry. Given the present position, however, some mergers of regulators would be helpful. Offer, the electricity regulator, and Ofgas could be merged to create an Office of Energy Regulation. Likewise an Office of Transport Regulation and an Office of Communications could be set up.

Measures such as a white paper on regulatory principles, a limitation on regulators' powers to modify licences without public debate, and institutional reform are essential to create a more predictable and stable climate for investment, while at the same time protecting the public from monopoly pricing. Failure to tackle the problem will continue to raise the price of investment, weaken the quality of the regulatory structure and ultimately undermine consumers' interests.

Dieter Helm

The author is director of Oxford Economic Research Associates

OBSERVER

Controversial candidate

■ Why recruit legendary warrior Finn McCool - also known as Fingal of the eponymous Cave and of the Giant's Causeway - to spearhead the UK government's attempt to pull in £350m by selling shares in Northern Ireland Electricity? Students of things Celtic, at least, will have a field day with the topic.

Not the least controversial question is whether he was even a Celt. One translation of his name is "fair stranger" - which, it is suggested, is what the Irish might have called a visitor from Scandinavia.

Even so, he is credited with having one idea ahead of its time. Legend says the spectacular rock formations on the Antrim coast are the remains of Fingal's attempt to build a road to Scotland. Now NIE is proposing to bridge the same gap with an electricity interconnector.

Odd selection

■ With hits such as Birds of a Feather and Lovejoy to their credit, the creative spirits behind SelecTV clearly know a thing or two about TV programme-making.

But are they equally tuned in to the responsibilities involved in running a public company?

Not only has the recent muddle over the company's failure to keep minutes of decisions raised some doubts, but a senior official commented yesterday: "Until now, I thought the Cadbury rules had something to do with a chocolate monopoly."

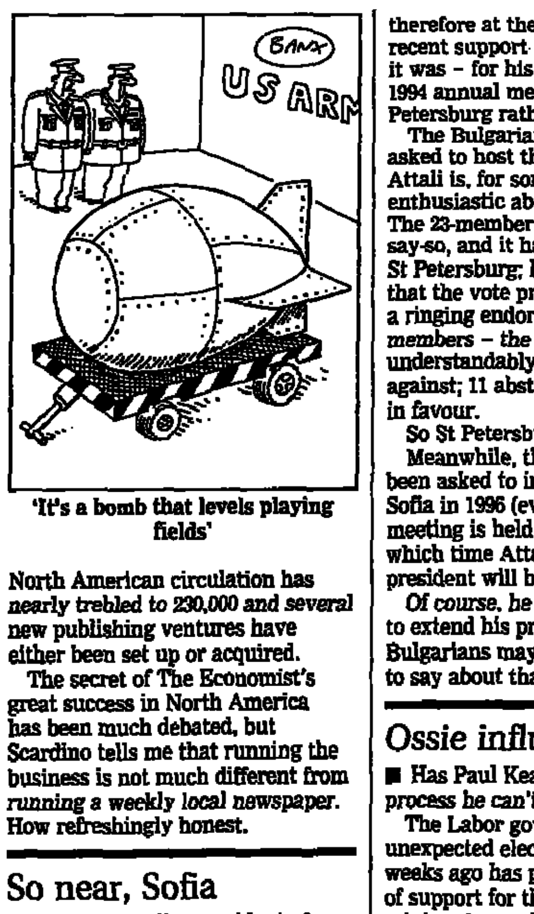
Imported talent

■ Exciting times at The Economist, the weekly magazine part-owned by the Financial Times, which celebrates its 150th anniversary this year. Having just appointed another astonishingly young editor, Japanophile Bill Emmott, it has now gone and imported an ex-Savannah shrimp-boater as chief executive.

Marjorie Scardino, the 46-year-old president of The Economist's important North American business, is a little shy about her time on the boats. It was just an interlude before she and her journalist husband, Albert Scardino, settled down to their first love - the newspaper business. Scardino worked by day as a lawyer in her husband's home town of Savannah while helping him produce his weekly Georgia Gazette by night.

The paper made a name for itself by winning a Pulitzer prize for its investigative reporting - but partly because of this was not a great commercial success. After her husband moved to The New York Times, she joined The Economist where, by all accounts, she has flourished. During her seven years, North American circulation has nearly trebled to 230,000 and several new publishing ventures have either been set up or acquired.

The secret of The Economist's great success in North America has been much debated, but Scardino tells me that running the business is not much different from running a weekly local newspaper. How refreshingly honest.



'It's a bomb that levels playing fields'

So near, Sofia

■ Jacques Attali - president of the London-based European Bank of Reconstruction and Development - is a man accustomed to getting his own way. He will be pleased therefore at the EBRD board's recent support - lukewarm though it was - for his wish that the bank's 1994 annual meeting be held in St Petersburg rather than Sofia.

The Bulgarians had formally asked to host the meeting, but Attali is, for some reason, more enthusiastic about St Petersburg. The 23-member board has the final say-so, and it has voted to accept St Petersburg; but it is understood that the vote proved to be less than a ringing endorsement. Two members - the US and, understandably, Bulgaria, voted against; 11 abstained, and 10 voted in favour.

So St Petersburg it is. Meanwhile, the Bulgarians have been asked to invite the EBRD to Sofia in 1996 (every other year the meeting is held in London), by which time Attali's first term as president will be over.

Of course, he may always try to extend his presidency. But the Bulgarians may have something to say about that.

Ossie influence

■ Has Paul Keating set off a process he can't control?

The Labor government's unexpected election victory three weeks ago has prompted a rash of support for the Australian prime minister's republican views. Polls suggest that they are now shared by up to 70 per cent of voters.

But Western Australian Liberal MPs Ross Lightfoot and Phillip Pendal see the proposed constitutional change as an opportunity to revive the old west coast dream of separation from the eastern states - where most Australians live.

In a neat reversal of the situation in Germany where Wessies resent the dependence of the newly liberated Ossies, many western Australians are unhappy about what they see as the malign influence of Canberra.

Pendal, who opposes a republic, says he would prefer a stronger hand for the western states. But if the government refuses that, which is highly likely, he sees secession as a viable second choice.

The idea is not as crazy as it sounds. WA covers about a third of the continent, and its mining industry provides a large part of Australia's export earnings.

The state actually tried to secede in 1933, but gave up after strong opposition from both Canberra and Britain, which then had residual rights to legislate for its former Australian colonies.

Room service

■ Following on from the enormous success of the Hoover promotion, the Ritz, Trafalgar House's flagship hotel, is jumping on the bandwagon.

Anybody who books one of its £650 suites for two nights is being offered a map of the world, a British Airways timetable and a free vacuum cleaner.

FINANCIAL TIMES
Wednesday April 7 1993

Italy's best-known politician 'hurt' by charge of Mafia links

Robert Graham and David Marsh in Rome meet one of the latest targets of magistrates' investigations

MR GIULIO Andreotti picks up a single sheet of paper from the top of his cluttered desk. "Yes, this is my *avviso di garanzia*," he says with faint distaste.

The *avviso* is the notice that this veteran Christian Democrat politician, seven times prime minister of Italy, is under investigation by Milan magistrates for alleged illicit financing of a political party. The notice was served on Monday.

"I heard the news first from television and only received the *avviso* from the magistrates myself later in the afternoon," he adds. His voice contains enough irony to reveal irritation at the way the Milan magistrates have allowed the public to hear first that Italy's best known politician has become involved in the scandals of illicit funds for the political parties.

Mr Andreotti, aged 74 and a life senator, is alleged to have asked his old friend, Mr Giuseppe Ciarrapico, owner of Roma football team and prominent financier, to provide L250m ($157,000) to help the Social Democrat party (PSDI) in last April's general elections. The small PSDI has long been one of the two junior partners in the Christian Democrat-led coalition governments and these funds were not registered in the party's balance sheet.

"I don't know. I'll have to check," he says when asked about the incident, adding vaguely. "I can't remember. It was election time. During elections you make a lot of telephone calls." If Mr Andreotti appears to treat this brush with Milan magistrates as an irritation, he admits to have been deeply wounded by Palermo magistrates, who want to have his parliamentary immunity waived to answer the more serious charge of collusion with the Mafia.


Giulio Andreotti: deeply wounded over alleged collusion with Mafia

"I feel morally hurt. . . for more then 10 years I have been fighting the Mafia, adopting tough measures, putting my life at risk." Mr Andreotti nevertheless recognises the damage to Italy's international image as a result of his being linked allegedly to organised crime.

The Palermo magistrates allege that Mr Andreotti, through his close associate Mr Salvatore Lima, the Sicilian Euro-MP murdered in March 1992, was the Mafia's point of "reference" in Rome. The evidence is based on confessions from *pentiti* – former Mafiosi co-operating with the judicial system under plea bargaining programmes. "None of the *pentiti* say anything directly against me. Everything is based on hearsay. No one says Andreotti helped do this and was found to do that," he says.

Mr Andreotti specifically denies the allegation that he intervened with an appeals court judge, under investigation for links with the Mafia, to influence the sentences of Mafia bosses. The same suggestion was made by the parliamentary anti-Mafia commission last week.

Although Mr Andreotti denies any personal guilt, he is nevertheless willing to concede for the first time that the political establishment he has dominated for so long has a responsibility for failing to tackle earlier the question of illicit party financing.

For a man who has seen nearly all his close political and business allies caught up in the corruption scandals, he retains a remarkable posture of normality in public.

"If I have done something seriously wrong then I am willing to face the consequences. But I don't believe that to be the case," he says. The next step in what is turning into a political trial will be to see how many friends he has in parliament willing to defend his immunity. The issue has already created a deep rift inside the party he helped found.

Corruption probe for steel group chief

By Andrew Taylor, Construction Correspondent, in London

THE HEAD OF an Italian civil engineering company which last year controversially won the contract to supply steelwork for a £300m ($426m) bridge over the river Severn in Britain has been placed under house arrest in Italy following allegations of corruption.

Sir Teddy Taylor, a Conservative member of parliament who strongly criticised the award of the contract to Cimolai, yesterday wrote to Mr Michael Heseltine, the trade secretary, requesting an official investigation into the Italian company. He said: "This raises serious issues which must be investigated, given the previous concern over the award of an important contract to a non-British company."

The allegations against Mr Luigi Cimolai, managing director of Cimolai, involve two projects in north-east Italy; the proposed construction of the Plandipan-Sequals highway and the completed Delizia bridge across the river Tagliamento, near the group's headquarters in Pordenone.

Some of the biggest corruption scandals in Italy have involved construction and engineering companies, which were awarded lucrative domestic contracts for public works projects in exchange for making illicit payments to political parties.

The arrest is embarrassing for John Laing of the UK and GTM Entrepose of France which are jointly building the Severn crossing and which awarded the £7m steelwork contract to Cimolai in November.

Mr Martin Laing, chairman of the British construction group, said: "Our contract is with a company, not with an individual. We were required under EC rules to advertise the job internationally.

"We would have preferred to give the work to a British company but Cimolai offered by far the best terms and has an excellent track record for this kind of work. The company's offer and record was checked thoroughly and we have no reason to regret our decision."

Sir Teddy Taylor, however, remains critical of the deal. He said: "I am concerned that companies from the continent can use EC competition rules to win work in Britain with the benefit of subsidised prices."

The British Constructional Steelwork Association says that Italian steelwork companies seeking to gain a foothold in the market have been undercutting prices submitted by local suppliers by up to 20 per cent.

Cimolai was recently reported to have won a steelwork contract for the Pont de Normandie viaduct on the A29 motorway near Le Havre in northern France.

Spain's Socialists fail to resolve row

By Peter Bruce in Madrid

A POWER STRUGGLE inside Spain's ruling Socialist party yesterday spilled into the open, virtually ensuring either a clear defeat or victory for Mr Felipe González, prime minister, when the party executive meets on Saturday.

It could force the resignation of Mr González as party leader.

Efforts by senior Socialists failed to paper over cracks caused by disagreements between the prime minister and Mr Alfonso Guerra, the leftwing deputy party leader and former deputy prime minister, over charges that the party illegally financed itself in the late 1980s.

Mr González and other conservative members of the cabinet and the party are pressing for early resignations of senior party members in the face of the scandal, which is hurting the Socialists in advance of elections later this year. Mr Guerra and the party's chief administrator, Mr Jose Maria Benegas, deny anyone in the party is to blame.

Mr Guerra and Mr Benegas have released a letter written by Mr Benegas to Mr González last Thursday in which he appeared to offer to resign. In the note, he accuses members of the government of trying to topple him by blaming him for the scandal and of breaking the traditions of loyalty and solidarity in the party. The bitterly worded note was being interpreted in Madrid more as a call to arms than a resignation offer.

Supporters of the leftwing party apparatus led by Mr Guerra and Mr Benegas were yesterday lobbying hard before the Saturday executive meeting. Mr González has made it clear he will be seeking political, rather than legal, responsibility from the meeting. He has suggested that he will be prepared to step down as party leader – and thus probably not lead the party in the next election – if no one else resigns.

A problem for the prime minister and his supporters is that they do not command a natural majority on the Socialist executive. Mr Guerra does. There is no guarantee that, faced with an election disaster if Mr González goes, the executive would will sacrifice either Mr Benegas or even Mr Guerra.

Tension between the two sides, who accuse each other of destroying the Spanish economy and the Socialist vote, is now so intense that some senior party members were speculating that if Mr González fails to get his way on Saturday he will call a quick general election as revenge. The Socialists would do badly in any poll now and possibly not even form a coalition unless the financing scandal is resolved.

European air fares battle intensifies

By Daniel Green in London

THE European air fares row of the past few weeks is a rare sign that competition and recession may be able to cut costs in Europe's notoriously expensive airline network.

The first shots in the battle were fired in February by UK carrier British Midland, in which Scandinavian Airlines System has a 40 per cent stake. It introduced a cut-price three-day return fare to its 12 international destinations.

Many of its competitors, such as the Dutch airline KLM and Air France, cut their own fares to match during March. This week, British Airways turned a small-scale price tussle into something larger by cutting fares on seven routes between four UK cities and European destinations.

A business class return fare between London and Paris, for example, costs £240 ($362), compared with £318 a few weeks ago. Executives still have to read the small print; some fares are only available as a three-day return, while on others travel must be completed by a set date.

The fares war is unusual in two respects. First it is on short-haul routes. Outside the US, short-haul has been a heavily regulated market and in Europe has traditionally accommodated just two carriers on each route – one from each of the countries. Competition is limited and passengers almost always find both carriers charging the same high price.

Limited deregulation in Europe has now increased competition, and the price cuts are mostly on routes on which British Midland competes with larger carriers.

British Midland's presence is not enough to explain all the differences. French and German business executives buying a return business class ticket to London in their home countries pay FFr2,780 ($514) and DM1,128 ($700) respectively. From London, BA's lowest business class return fare to Frankfurt is £330.

Traditionally, airlines have regarded business class tickets as not price sensitive. Business class passengers got a flexible ticket – if they missed an aircraft, they could catch the next one – as well as faster check-in and higher baggage allowances.

But business class bookings have sagged in the recession.

The latest figures from the 23-member Association of European Airlines indicate that business class bookings have fallen below one-third of the total for the first time since the organisation began collating records in the mid-1980s. The trend has been downwards since 1989, when 38 per cent of tickets were sold at full price.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	S	11	52	Frankfurt	R	10	50	Majorca	S	19	66	Oporto	C	16	61	Tenerife	F	20	68
				Brussels	R	10	50	Geneva	R	11	52	Malaga	S	18	64	Oslo	C	4	39	Tokyo	C	13	55
				Budapest	S	15	59	Gibraltar	S	23	73	Malta	S	17	63	Paris	F	12	54	Toronto †	S	3	37
Ajaccio	C	14	57	Buenos Aires	R	23	73	Glasgow	F	12	54	Manila	F	33	91	Prague	C	11	52	Tunis	F	21	70
Algiers	S	22	72	Cairo	S	26	79	Helsinki	C	6	43	Melbourne	C	17	63	Reykjavik	S	7	45	Valencia	S	23	73
Amsterdam	R	9	48	Cape Town		-	-	Hong Kong	F	19	66	Mexico City		-	-	Rhodes	R	13	55	Venice	S	15	59
Athens	R	12	54	Caracas	C	32	90	Innsbruck	R	6	43	Miami †	C	21	70	Rio de Janeiro	F	34	93	Vienna	F	10	50
Bahrain	S	28	82	Casablanca †	S	19	66	Inverness	C	8	46	Milan	S	16	61	Rome	S	15	59	Warsaw	C	9	48
Bangkok	F	36	97	Chicago †	S	-1	30	Islamabad	F	29	84	Montreal †	S	0	32	Salzburg	R	7	45	Washington †	C	6	43
Barcelona	S	16	61	Cologne	R	10	50	Istanbul	F	19	66	Moscow	C	10	50	S'Francisco †	C	12	54	Zurich	F	12	54
Beijing	S	12	54	Copenhagen	C	6	43	Jakarta	R	32	90	Munich	C	8	46	Seoul	F	11	52				
Beirut		-	-	Corfu	S	17	63	Johannesburg	C	18	64	Nairobi		-	-	Singapore	F	32	90				
Belfast	C	11	52	Dallas †	F	8	46	Lisbon	F	19	66	Naples	C	15	59	Stockholm	C	6	43				
Belgrade	F	14	57	Dublin	C	11	52	London	C	12	54	Nassau	C	28	82	Strasbourg	F	14	57				
Berlin	F	10	50	Dubrovnik	S	17	63	Los Angeles †	S	14	57	New Delhi	S	29	84	Sydney	S	27	81				
Bermuda	C	20	68	Edinburgh	F	10	50	Luxembourg	R	9	48	New York †	C	6	43	Taipei	C	18	64				
Bombay	S	32	90	Faro	S	21	70	Madeira	C	19	66	Nice	S	15	59	Tangier	S	19	66				
Bordeaux	Dr	14	57	Florence	F	8	46	Madrid	S	19	66	Nicosia	S	20	68	Tel Aviv	F	20	68				

Temperatures at midday yesterday
† Noon GMT temperatures
C–Cloudy Dr–Drizzle
F–Fair Fg–Fog H–Hail
R–Rain S–Sunny
Sl–Sleet Sn–Snow
T–Thunder

THE LEX COLUMN

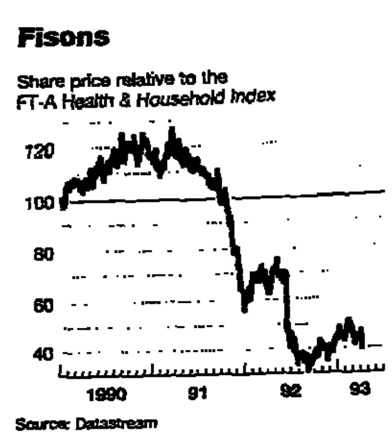
Relapse at Fisons

Fisons can hardly be blamed for the failure of tipredane to make the clinical grade. The high rate of attrition among drugs during even the late stages of development is what makes pharmaceuticals a risk business. Even so, the shortcomings of tipredane might have been recognised earlier. The secret of success lies in weeding out ineffective compounds before serious money has been spent on development. As late as last month, the company was predicting the commercial launch of this product by 1997. More seriously, the failure raises the question of whether Fisons is big enough to compete in the long term.

With no obvious successor to Tilade in the research pipeline, Fisons' franchise in asthma therapy could wither. Tilade is protected by patents until the end of the decade, but competition from the likes of ICI and the long lead-time required to develop new drugs dictate that it must move fast to plug the gap. Scrapping tipredane saves £10m a year which can be devoted to other compounds. Licensing drugs from other companies might provide a solution. Without one, Fisons' experience in asthma therapy would be worth more in other hands.

If that makes a takeover more likely, yesterday's 13 per cent fall in the shares may be overdone. But it is hard to escape the conclusion that Fisons is worth less without the promise of tipredane. With such a long record of nasty surprises to be taken into account, potential predators will prefer to sit back and wait.

FT-SE Index: 2832.2 (-6.8)



Source: Datastream

Scrip dividends

The fashion for enhanced scrip dividends risks getting out of hand. The tax efficient nature of the scheme – especially for companies writing-off unrelieved advance corporation tax – does not disguise what is in effect a mini rights issue. The market should thus apply the same tests as to a conventional cash call. Companies which can make a convincing case for re-investing the dividend are worthy of support. All credit to Coats Viyella for yesterday pin-pointing specific investments on which it looks likely to achieve a decent rate of return. By asking shareholders to forgo a cash dividend to shore up its balance sheet, Ladbroke is stretching the point.

Altering dividend arrangements after shares have gone ex-dividend equally sets a poor precedent. Both Ladbroke and RTZ transgressed in this respect. Investors buying either share after the ex-dividend date, only to find the dividend subsequently increased, might justifiably feel aggrieved. True, the companies benefit from lower tax and interest charges. They may also have been reluctant to announce tax-driven arrangements before the Budget. Such pragmatic arguments are no excuse for the risk of creating a false market.

If shareholders approve, Coats may issue shares in place of its next interim dividend. It should be wary of coming back next year as well, even if the reinvestment case is strong. Finding cash for the dividend is a valuable discipline. Companies which print shares rather than meet such obligations are no more deserving of support than governments which monetise deficits.

Tesco

Tesco's results betray the forced cheer one would expect from a retailer that is selling French champagne at less than £8 a bottle. Operating profits were up 17 per cent on a 52-week comparison basis, but the company admits the recession is not over. Its customers are still trading down and volume in existing stores fell by 0.9 per cent last year. Weekly revenue per square foot in newly-opened stores is approaching £14.50. Though a marked improvement on a year ago, that is still significantly below J. Sainsbury and the company is vague about the extent of follow-through increases on stores opened in 1991.

This is not to belittle the 0.5 point increase to 7.6 per cent in Tesco's operating margin. Since Sainsbury's margin is about a point higher, there ought to be room for more productivity gains, although Tesco will always be dragged down to some degree by the relatively large share of petrol in its total sales. The real difference between the two is that Sainsbury has been able to increase both volume and margin during the recession.

Tesco's fortunes depend on how quickly it can build volume. According to the charitable view, its clientele suffered more than Sainsbury's during the recession, so Tesco should be rated a recovery stock. That ignores the arrival of the discounters and the renaissance of Asda. The risk remains that Tesco will have neither the brand image nor the price competitiveness to compete in a mature market. Until it can prove otherwise, its shares will not look cheap, even on a prospective multiple some four points below the market.

Isosceles

Isosceles's proposed financial restructuring represents the best outcome the company can expect in its dire predicament. Almost certainly, though, it will not be enough to save its owners further blushes.

The plan assumes the ring-fenced Gateway grocery chain will be left supporting £464m of debt on operating profits of perhaps £70m this year. Out of that, Gateway must pay interest of some £45m and may have to pay dividends to Isosceles. That will leave little scope to upgrade its outdated store portfolio, despite an additional £80m of working capital facilities. Gateway will concentrate on reinvigorating its 500 core stores. But it will be tough work simply staunching its sales decline, which has been running at an 8 per cent annual rate.

The remainder of Isosceles's £1.4bn of debt will be carried in restructured form by the parent company. Holders of the £256m of senior debt and £400m of discount bonds will still hope for some salvage from a flotation or sale of Gateway. Barring a transformation in Gateway's trading, owners of the preference and ordinary shares will get no return at all. Isosceles's 38 banks seem disposed to swallow their losses with surprising equanimity. Maybe they have simply grown blasé at writing down problem loans. But the alternatives are scarcely tempting. Either they inject yet more capital and risk going for growth or they put Isosceles into receivership and try to squeeze value from Gateway's notional £800m of assets.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday April 7 1993

INSIDE

Acquisitions help EBS profits rise

Eridania Béghin-Say, the Paris-based sugar, agro-industrial and branded foods company controlled by Italy's Ferruzzi-Montedison group, raised net profits by 70 per cent to FFr1.28bn ($232m) last year from FFr754m in 1991. EBS said the figures were not directly comparable with those for 1991 due to the effect of the merger with Eridania, Ferruzzi-Montedison's Italian sugar operation. Page 18

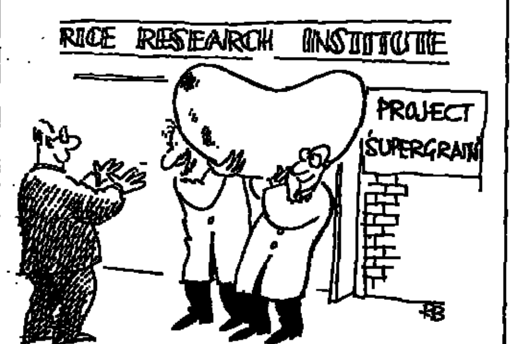
Aegis hit by reorganisation

Aegis, the London-based holding company of Europe's largest media-buying and planning group, yesterday reported 1992 pre-tax losses of £1.9m ($2.9m), compared with restated profits of £54.4m. The group's figures were badly hit by £22m losses through reorganisation, and another £22m cost on the sale of discontinued activities. Page 25

Retirement in tatters at Tata

Tata, India's largest business group, has been distrubed by a bitter boardroom battle at Tata Iron and Steel (Tisco), its flagship company. The fight centres on a last-ditch effort by Mr Russi Mody, Tisco's 75-year-old chairman, to delay his enforced retirement. Page 20

Growing rice mountains



In the next three decades the annual global rice harvest must rise by 60 per cent to about 760m tonnes to feed the world's fast-growing population. Scientists at the International Rice Research Institute (IRRI) in Los Banos, south of the Philippine capital Manila, are confident that they can lead a successful campaign to increase rice yields to stave off global starvation for another 30 years. Page 26

Rising rise in Istanbul

The Istanbul market closed 3 per cent higher yesterday for a cumulative rise of 19.2 per cent since Monday last week. The market index climbed 196.47 to its third consecutive all-time peak of 6,740.58. Back Page

FT-SE Actuaries indices

The FT-SE Actuaries Share Indices Steering Committee yesterday approved the calculation of total return figures for the FT-SE 100, FT-SE Mid 250, FT-SE Actuaries 350, FT-SE SmallCap and FT-Actuaries All-Share indices. Daily publication of these figures in the FT will start on July 1, 1993. Details, Page 24

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
BMW (Br)	488	+	14	Cr Fonc France	1130	+	35
Colonia Konzern	935	+	50	Imetal	400	+	13.2
Falls				Rhone Poulenc A	592	+	12
Daimler-Benz	580.5	–	14.5	Schneider	895	+	15
Hochtief	1115	–	15	UAP	569	+	12
Lahmeyer	641	–	15	**Falls**			
Mercedes Hld	564	–	10.5	Imm de France	930	–	20
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Chrysler	40¼	+	1⅞	Chuo Subaru	2450	+	200
Ford	53⅞	+	1⅞	Moriya Op	430	+	35
Falls				Takasago Teido	279	+	24
Coca-Cola	39⅝	–	1⅝	Toshiba Ceramic	880	+	55
Colgate-Palm	59½	–	2⅜	**Falls**			
Corning	32⅞	–	1⅛	Kinseki	1160	–	120
Philip Morris	48⅝	–	1⅝	Toshiba	720	–	15

New York prices at 12.30pm.

LONDON (Pence)							
Rises				Abbey Natl	370	–	6
BICC	358	+	8	Bensons Crisps	86	–	6
Birkdale	24	+	4	Burmah	732	–	16
Eastern Elec	489	+	8	Flexons	169	–	25
Manchester Utd	412	+	10	Hogg Robinson	176	–	8
Micro Focus	2138	+	28	Intl Food	74	–	4
TIP Europe	40½	+	16	LRMS	301	–	43
Utd Friendly	683	+	10	Platon	27	–	4
Wellcome	721	+	16	RMC	600	–	17
Wessex Water	647	+	11	Tiphook	335	–	25
Falls							

IBM launches bid for French computing firm

By Alan Cane

INTERNATIONAL Business Machines, the world's largest computer manufacturer, is launching a full bid for the French computing services company Compagnie Général d'Informatique.

The bid values the computing services company at just over FFr2.5bn, ($460m) about 1.2 times turnover and 17.5 times CGI's net profit in 1992.

It represents a further development in the trend for computer hardware manufacturers to move into computing services where there is still vigorous growth and gross profit margins are larger.

The area where CGI is strongest – intergated applications packages, customised software programs and consultancy – is also the area that would be most profitable for computing services companies over the next five years.

CGI supplies applications software and computing services and is about number 30 in size in Europe. It is active throughout Europe and North America, where it has had a presence since 1982.

Its has a worldwide staff of about 4200. The group was originally noted for creating software tools – software that makes it easier to write other software. It has a range of financial and manufacturing software and offers training in software development methods.

The revenues of mainframe computer companies like IBM have been seriously undermined by fierce price competition and moved by customers to seek lower cost data processing through networks of personal computers.

Mr Claude Andreuzza, president of the board of IBM France, said yesterday the company would offer one IBM France convertible bond with a nominal value of FFr355 for each CGI share. The bonds will have a 4¼ year maturity and a 5.7 per cent annual coupon.

Mr Robert Mallet, GCI chairman and managing director, Bernard Chapot, general manager, and Jacques Debuisson, vice-president of the board of directors, have already agreed to transfer their 25.3 per cent combined shareholding to IBM France.

The bid is subject to authorisation by the French Treasury and by the American Office of Fair Trading and conditional on IBM receiving acceptances from shareholders representing more than two thirds of GCI voting rights.

Gateway protected from all but £464m of Isosceles debt

By Roland Rudd in London

THE TROUBLED Gateway food retailing chain is to be ring-fenced from all but £464m ($702m) of the £1.4bn borrowing obligations of its parent Isosceles as part of a restructuring announced yesterday.

Under the terms of the deal, Gateway Foodmarkets is to be managed through the creation of a holding company, Gateway Holdings.

It will assume responsibility for £500m of Isosceles' borrowings, of which £464m will be drawn at completion of the restructuring. No repayment will be due on this debt until 1998.

Gateway will also have a £50m two-year working capital facility.

Isosceles, formed in 1989 through a £2bn leveraged buy-out, is to have its remaining debt of £923m restructured. The deal has to be approved by all of the group's 38 banks by the end of May.

Mr David Simons, chief executive of Isosceles, said: "We had to reach an agreement otherwise we would have been fighting over a carcass rather than a living body. The deal has lifted £1bn burden from our shoulders."

The Gateway assets, which will continue to be owned by Isosceles, may be floated in three to five years. They are valued at around £800m after £150m of write-downs. Mr Simons said the restructuring would be accompanied with a "clean-out" of Isosceles' balance sheet.

Gateway is expected to report a pre-tax loss of more than £300m after what Mr Simons called "kitchen sink provisions" mainly covering the costs of the restructuring. There is no compulsion to pay dividends.

The remaining Isosceles debt is restructured into £256m of senior facilities, £400m of deep discount bonds and £267m of new Isosceles preference shares. Holders of the bank debt will receive £196m of the senior facility, £267m of the bonds and £125m of the preference shares and all of Gateway's debt.

Mezzanine holders are to get £60m of the senior debt, £133m of the bonds and £142m of the preference shares. Existing dividend and A ordinary shares are to be converted into ordinary shares.

Existing shareholders will own 45 per cent of the enlarged share capital and mezzanine and senior lenders will own 45 per cent and 10 per cent respectively.

A special share will be issued to the senior lenders giving them 51 per cent of the votes at a general meeting.

Lex, Page 16; Details, Page 24

Péchiney warns of first-half loss due to Russian competition

By David Buchan in Paris

PECHINEY, France's state-controlled packaging and aluminium group, said yesterday it would make a loss in the first half of this year. Group profit last year dropped sharply to FFr203m from FFr820m in 1991.

Mr Jean Gandois, Péchiney's president, said he would like "to use the first window that opens up" for France's new government to privatise his group, but the low price of aluminium, Péchiney's main raw material, might delay this.

The poor showing stemmed from competition from what Mr Gandois called "massive amounts" of aluminium from Russia.

Last year, the group took over the aluminium activities of Péchiney International, its publicly-traded subsidiary it holds a 67 per cent stake in, in order to make Péchiney International more attractive to investors.

Partly due to this reshuffle, Péchiney International's operational profit rose 19 per cent from FFr901 in 1991 to FFr1.07bn.

Some 85 per cent of the subsidiary's FFr35.3bn turnover last year was in packaging, mainly of food and drinks. This enabled it to maintain its level of profitability. But the rest was in turbine components, where profitability, due to the slump in the airline industry, was cut from FFr675m in 1991 to FFr344m last year.

As a result, Péchiney is maintaining a FFr5 a share dividend for its international operation, but cutting its group dividend from FFr13 for 1991 to FFr10 for last year.

Mr Gandois said the Péchiney group would see the benefit of recent restructuring in the second half of this year, while Péchiney International's profit would rise further this year, though by a smaller margin than last year.

The outlook in North America, where Péchiney International owns American National Can and conducts two-thirds of its total business, was good for metal and plastic food packaging, but in the beverage can sector prospects were clouded by competitors' price-cutting.

Christopher Parkes reports on the future of an industry leader

Daimler-Benz ponders a shift from reverse

Daimler-Benz group sales

DMbn	1989	1990	1991	1992
Total Daimler-Benz	76.4	85.5	95.0	98.5
of which:				
Mercedes	55.0	57.9	65.3	64.8
AEG	11.9	12.7	13.6	11.2
Deutsche Aerospace	7.5	12.2	12.0	16.7

Net profit

DMbn	1989	1990	1991	1992
Total Daimler-Benz	not comparable	1.8	1.9	1.5

Source: Daimler-Benz

RECESSION, ruinous price wars, cancelled aircraft orders, government defence cuts and the cost of structural change conspired last year to dash Daimler-Benz's dream of crashing through the DM2bn ($1.3bn) profits barrier. Net earnings are still in reverse, heading down towards DM1bn this year.

However, there was no need to panic, according to Mr Edzard Reuter, group chairman. The group will roll ahead, complementing the strategic restructuring started in the mid-1980s with some very painful short-term measures.

Most of these are destined to bite into domestic operations, notably the cornerstone vehicles business, which last year cast off 14,000 of its German workers while other divisions shed 4,000.

Mercedes-Benz, which is planning to cut output by 70,000 vehicles this year, will once again bear the brunt with a net loss of 15,000 jobs.

Long-term change will affect Mercedes more than other divisions. Car, truck and bus production is being steadily shifted out of Germany into new overseas factories that are closer to customers and cheaper to man than domestic plants.

"We are internationalising our group, not only at every stage of purchasing, production and sales but also in research and design, in public relations work and among our leading staff," Mr Reuter said.

"By no means does this imply that we have packed our bags and are ready to leave Germany tomorrow," he promised.

One aim is to escape the circumstances which led to last year's bitter disappointments that followed early spring forecasts of profits of more than DM2bn.

The European market failed to live up to expectations of a revival to offset the slowdown in Germany. Instead, it relapsed into stagnation and recession. Then a collapse in public sector demand was compounded by chaos in the European exchange rate mechanism, he said. The group was trying to escape the clutches of Germany's peculiar business and political climate.

The recent federal budget, for example, meant that the group's defence business would lose about DM1bn in sales this year, Mr Reuter claimed.

The government, he complained, was trying to cut spending "without any rational concept of how to do so prudently . . . all their efforts appear to hinge more on grabbing and hanging on to votes".

In the US, the reopening of the Airbus subsidies issue threatened the core and expanding aircraft divisions with the prospect of a trade war.

Back at home, efforts to merge AEG's railway interests with those of Siemens were being blocked by a narrow-minded federal cartel office. German trust laws were in desperate need of overhaul, Mr Reuter said.

"If not, German companies will continue to lug around a serious handicap in the arena of international competition."

In its most recent move, Daimler has acted to escape from the narrow and over-burdened German capital markets with plans for a listing later this year on the New York stock exchange.

"Germany's suitability as a location for business and industry is being questioned increasingly," Mr Reuter said.

"German companies are said to have lost their international lead in technology. Our entire society, the reasoning goes, has lost its ability to act as one, which throws up barriers we cannot seem to overcome.

"Parties and politicians are being stamped as incompetent and denounced as irresponsible, while the media are viewed as the root of all evil."

More recently, people had begun to say that Germany's traditional corporate approach should be consigned to the dustbins of history.

There was some truth to these beliefs, Mr Reuter said, but Daimler was not a company given to snap judgments and cavalier attitudes.

However, Mr Reuter gave his own judgment on the state of the nation in his shareholders' letter in the 1992 annual report, published yesterday. "On the whole, it looks as if much of what German business could just manage to master in the past few years is now simply over-straining its capacities."

US plants, Page 18

Queens Moat meeting reviews loss

By Robert Peston, Banking Editor

QUEENS MOAT Houses' 60 bank creditors will today be told that the international hotel group made a loss last year, but that it still has a "sizeable net asset value", bankers said yesterday.

The emergency bank meeting, which has been arranged by the UK bank Barclays, will hear preliminary details of an investigation of the group's affairs by accountants Grant Thornton.

Bankers will be told this afternoon that Queens Moat made a loss in 1992, compared with their expectations a fortnight ago it had made pre-tax profits of £80m.

The loss, which Grant Thornton has not quantified precisely, has been caused by a re-examination of Queens Moat's accounting policies and of management incentive contracts. Under these contracts, Queens Moat's managers guaranteed that their hotels would generate specified revenues and the company then booked these future revenues as profits. However, much of this revenue was never paid, so the company has to write off "tens of millions" of previously reported profits, a banker said.

Grant Thornton will also recommend changes to a series of Queens Moat's accounting policies, leading to a further drop in Queens Moat's profits.

The accountants believe that the gross value of the group's hotel assets has fallen sharply from more than £2bn last summer. However, a banker said the fall was likely to be less than 25 per cent and he was confident the company had positive net assets.

Barclays has asked the banks to suspend principal and interest payments on £1bn of debt pending the completion of Grant Thornton's inquiries.

However, banks will be told they are unlikely to suffer big loan losses. A debt restructuring proposal is expected to be made in a few weeks, whose main element will be a request to reschedule principal repayments for several years on two main facilities:

- A £415m multiple facility, converted into d-Marks and due for repayment in November.
- A DM550m revolving facility, signed last August and maturing in four years.

The facilities were arranged by National Westminster Bank, though Barclays will chair today's meeting. Each has an exposure to Queens Moat of at least £80m. Several German banks are exposed, including Dresdner, WestDeutsche Landesbank, Commerzbank and Bayerische Landesbank.

GE Capital agrees £71m bid for TIP Europe

By Angus Foster in London

GE CAPITAL, the financial services arm of General Electric of the US, has made a recommended cash offer for the trailer rental company TIP Europe.

The 42p a share cash bid values TIP Europe at £71m ($107m), a premium to its recent share price but well below its trading level before a refinancing crisis in 1991. GE Capital is the largest trailer rental company in the US and has been looking to expand in Europe since 1991.

TIP Europe's shares jumped from 25½p to 40½p, their highest level since last year. The shares collapsed from 175p in 1990 when the company was hit by the UK recession.

The company's largest shareholder, the Dutch investment company HAL Investments (UK) which holds 9.9 per cent, has said it will accept the offer unless a higher bid is made. TIP Europe's directors, who hold 0.6 per cent, have accepted the offer. However, a large proportion of the shares are held by individuals and it is unclear whether they will accept.

Tiphook, Europe's largest trailer rental company, holds a 5.4 per cent stake in TIP Europe, which it took in 1991 when it feared GE Capital was about to bid. Mr Robert Montague, chairman, Tiphook, said a rival bid from Tiphook would raise monopoly questions.

TIP Europe yesterday announced a fall in interim pre-tax profits from £3.1m to £2.3m in the six months to January 31.

Turnover fell from £54.9m to £52.7m while earnings slipped 43 per cent to 1.01p. The interim dividend was cut from 0.64p to 0.4p.

Acquisitions assist EBS profits rise to FFr1.28bn

By Haig Simonian in Milan

ERIDANIA Béghin-Say, the Paris-based sugar, agro-industrial and branded foods company controlled by Italy's Ferruzzi-Montedison group, raised net profits by 70 per cent to FFr1.28bn ($232m) last year from FFr754m in 1991.

The improvement stems from recent acquisitions and more favourable markets, notably on the oil seeds side. Group sales rose by 22 per cent to FFr49.7bn, while net operating profits were up 35 per cent to FFr3.62bn. The dividend remains unchanged at FFr30 for each share or investment certificate.

EBS warned that the 1992 figures were not directly comparable with those for 1991 owing to the effect of the merger with Eridania, Ferruzzi-Montedison's Italian sugar operation, acquisitions and changes in accounting practices.

The 1992 figures represent the first results produced after Ferruzzi's complex restructuring of its French and Italian sugar and foods interests last year. As a result, Eridania, which held 60 per cent of Béghin-Say's capital, conferred its Italian sugar business and a 30 per cent stake in a starch group co-owned with the French company to Béghin-Say, creating the bigger EBS.

Béghin-Say's profits have only recovered to the levels of 1990, when net earnings amounted to FFr1.08bn. The subsequent fall stemmed from lower exceptional items and rising debts from acquisitions, including Lesieur (edible oils) and Ducros (spices).

The cost of takeovers in 1992 was reflected in a 55 per cent rise in net debts of EBS to FFr14.15bn.

Mr Renato Picco, chairman, said the group aimed to strengthen its branded foods activities by more takeovers and was interested in the Cirio, Bertolli, De Rica division of the Italian state-owned SME group which is to be privatised.

● Ferruzzi yesterday revealed that it had sold 6.86 per cent of the non-convertible savings shares in the listed Ferruzzi Finanziaria holding company last month.

Thomson-CSF plunges 35%

By David Buchan in Paris

THOMSON-CSF, the French state-owned military electronics company, yesterday announced a big drop in net profit to FFr1.5bn ($277m) last year from FFr2.34bn the previous year, and a small cut in its dividend to FFr6 a share from FFr6.80.

The 35 per cent fall in profits was on a smaller decline in turnover, which dropped by 2.8 per cent to FFr34.2bn. Its financial results were dragged down by a 15.5 per cent stake in Crédit Lyonnais, the state-owned bank which last week reported provisions and a loss amounting to FFr1.8bn. Thomson-CSF's share of that loss was FFr256m, against a FFr556m profit a year earlier.

Mr Alain Gomez, Thomson-CSF president, yesterday forecast this year's result should not be any worse than last year's, "with a probability, which is not negligible, that it will be better".

This prediction appeared to be based on the hope of a better performance from financial investments. These include a stake in Althus Finance which provided Thomson-CSF with a profit of FFr613m last year, up from FFr225m in 1991. Mr Gomez said contraction of defence budgets gave no reason to expect an upturn this year in military business.

By contrast, Dassault Aviation, the French aircraft maker, yesterday announced a higher net profit for 1992 – FFr180m – than it had previously signalled. It said it would double its dividend to FFr6 a share. Last month, Dassault executives had predicted that net profit last year would be about the same as the FFr103m in 1991. The company said cost-cutting had helped lift profits more than it had expected.

Fisons halts asthma drug work

By Paul Abrahams in London

FISONS, the troubled pharmaceuticals and scientific instruments group, yesterday revealed that development of its most promising compound had been halted. The decision casts doubt on the company's long-term independence. Fisons' shares fell 13 per cent from 194p to 169p in heavy trading.

"We are bloody but unbowed," said Mr Cedric Scroggs, chief executive. "This is a disappointment, but it would be utterly premature to write Fisons off as a small but useful company in pharmaceuticals. Engineering of a full-scale merger with another company is not on the board's agenda."

The company was stopping development of tipredane, a steroid treatment for asthma, because the drug had failed to show sufficient efficacy in trials.

Possibilities of a hostile bid following the announcement were dismissed by analysts.

Last year the company stressed only two products in its development pipeline, one of which was tipredane. Mr Scroggs would fill the gap left by tipredane by licensing in an asthma drug from another company. "We have had lots of offers of other drugs in recent months that we have turned away. We will go back to those groups."

Fisons lacks a specialist salesforce to market its next most promising compound, an anti-epileptic product called remacemide, expected in 1998.

Lex, Page 16

Mercedes confronts Japan on foreign soil

Martin Dickson looks at the German carmaker's decision to build a plant in the US

FIRST BMW, now Mercedes-Benz. Germany's two leading luxury car makers suddenly both want to manufacture cars outside their domestic base and both want to do so in the US. But the bold strategy has its risks.

Mercedes announced on Monday it intended to build a plant in the US, at a cost of about $300m, which would make a new kind of four-wheel-drive sports utility vehicle. A site would be chosen in the next three or four months, and production of up to 60,000 vehicles a year would begin in 1997. Two thirds of production would go for export, with one third for the US market.

BMW announced last summer it would build a $350m plant in South Carolina to manufacture up to 90,000 cars a year by 1995, about half of them for export. The type of vehicle remains a secret.

Two inter-related factors have been pushing the Germans in this direction: the need to confront head-on the rapid rise of Japanese luxury car marques in the US, and the high cost of building cars in Germany.

For Mercedes, an additional factor is a change in corporate strategy under which it will make vehicles outside its luxury niche.

Since the late 1980s, the Japanese have come from nowhere to capture nearly 31 per cent of the US luxury car market, with marques such as Lexus (owned by Toyota), Infiniti (Nissan) and Acura (Honda).

They have captured sales from both European importers, who account for about 21 per cent of the market, and Detroit's Big Three, whose market share has shrunk to about 48 per cent.

BMW has enjoyed a strong sales rebound over the past year, thanks to new products, and Mercedes has seen rather more chequered growth, but the combined annual US sales of the two companies, at about 130,000 units, is far below the 196,000 peak in 1986.

Keen pricing has been crucial to the success of the Japanese marques and, in spite of periodic accusations that the Japanese were dumping, German manufacturers acknowledge their Asian rivals have a large cost production advantage over them.

Manufacturing in the US, where parts and labour costs are lower than in Germany, should narrow this differential.

Mr Helmut Werner, vice-chairman of Mercedes, says the company's US plant should have production costs 30 per cent below those of its European operations – although the group is in the throes of a cost drive aimed at cutting European costs by precisely this amount anyway.

Manufacturing in America may help shelter the German companies from currency fluctuations, since the strength of the D-Mark against the dollar has tended to push up the price of European models when American consumers have been looking for more value from their vehicles.

In addition, making cars in the US should give Mercedes and BMW valuable experience in battling the Japanese in the world's biggest and most open car market, before the Japanese launch their inevitable thrust into the European luxury market.

"To be successful in the world, a company has to be successful in the US," said Mr Eberhard von Kuenheim, chairman of BMW, when he broke ground for the company's plant in South Carolina last September.

BMW raided Honda, the Japanese company with the longest manufacturing presence in the US, for two of the top jobs at its South Carolina plant. One of the duo, Mr Al Kinzer, was recently quoted as saying he and his colleague would "glean from the best of what we learned at Honda and put it to use to help BMW".

Mercedes has an additional reason for putting its new plant in the US. The vehicle to be built there represents a new departure for the company, into the fast-growing sports utility segment of the market, which includes products such as Britain's Range Rover and Chrysler's Jeep Cherokee.

The US is by far the largest and most innovative market for such vehicles, having seen sales grow from a mere 240,000 units in 1980 to 1.1m in 1992.

Mercedes makes a four-wheeled drive vehicle, in Austria, but this primarily serves military markets and production is being phased out.

However, manufacturing in America involves risks for the two companies, which are only too well aware of the fate of compatriot Volkswagen, which invested in a US plant in the late 1970s, only to pull out in 1988 after heavy losses due to weak productivity and a reputation for poor quality at its Pennsylvania plant.

A challenge for BMW and Mercedes is to retain the prestige of their cars for quality, while losing their Made in Germany tag. This may be easier for Mercedes, since the company has experience of manufacturing in the US and other world markets through its commercial vehicle division.

It is also about to start manufacturing mini-vans in Spain.

In the US, it owns Freightliner, which last year for the first time became the top-selling truck in the heavy Class 8 category, taking a 23 per cent market share. Freightliner's former chief executive, Mr Dieter Zetsche, was promoted last year to head passenger car engineering worldwide.

Mercedes is taking a risk with the type of vehicle it is building in the US. Entry to the sports utility market is one of the first results of a change in corporate strategy which is to involve it in a broader range of products than its traditional luxury models.

The four-wheel-drive vehicle, will be aimed at the middle of the US market, against competitors such as the Jeep Grand Cherokee and Ford Explorer, selling in the $20,000 to $30,000 range, rather than the Range Rover, at over $40,000.

"There are excellent opportunities to position ourselves with our quality and safety philosophy as a premium car producer in these new market segments," says Mr Werner.

However, the sports utility segment is crowded and fashion-conscious, and Mercedes is not known for reacting rapidly to changing consumer tastes. The US venture could prove a tough test of its new strategy.

Coming battle for Europe's trailer rentals

Angus Foster reports on the impact of GE Capital's agreed bid for TIP Europe

FOR three years, TIP Europe has been struggling as an also-ran in the European trailer rental market. But yesterday's bid by GE Capital, if successful, could kick-start the fortunes of the company and make for an intriguing battle with the market leader, Tiphook.

First, though, GE Capital must convince TIP Europe's shareholders to accept a bid when their company is close to the bottom of its cycle and the share price is low.

One analyst said neither TIP Europe's shareholders nor its management would be proud of the offer price. "But how long can they wait before continental Europe, and therefore the share price, recover?" he asked.

TIP Europe's troubles started in 1990 when, after two years of boisterous expansion, it was hit by the UK recession. The company breached a banking facility, which prompted a refinancing and the arrival of a new chairman, Mr Jim Davis, and chief executive, Mr David Callear.

Since then the company has fought to control costs and has been reducing its fleet size. Analysts suspect it has neglected spending on information technology and allowed its fleet to grow older than Tiphook's.

Tiphook is estimated to have about 35 per cent of the market, compared with 19 per cent for TIP Europe. Tiphook has more vehicles in all European markets except Spain.

GE Capital's entry into Europe had been expected since the expiry in 1991 of a "non-compete" agreement it inherited with the acquisition of Gelco, owner of US trailer rental company Transport International Pool. This last company had earlier sold TIP Europe to its management.

Mr Robert Agans, chairman of GE Capital's modular space and TIP divisions, said the plan was "to grow TIP Europe as fast as we can". This would include annual spending of £40m ($56.8m) to £50m on trailers, which would conform to latest EC specifications and be capable of cross-border rentals.

Assuming a modest turnaround in Europe's economy, he expected the fleet to grow from 17,000 to 23,000 trailers by 1997. This compares to Tiphook's current fleet of 33,000 vehicles.

Mr Robert Montague, chairman of Tiphook, said the European and US distribution markets were very different. "We are already here in Europe and have already built up a network," he said. Nevertheless, Tiphook's shares fell 25p to 335p on competition worries yesterday.

Both companies have room for growth in the longer term. Rented trailers make up about 8 per cent of total European trailers, compared to about 25 per cent in the US. The rest are owned.

Although European barriers still exist – for example cabotage prevents some cross border return trips – these barriers are slowly coming down and most analysts expect the European figure to pass 15 per cent by the end of the decade.

LEGAL NOTICES

PUBLISHED NOTICE OF CREDITORS' MEETING

JOHN MANSON LIMITED
JOHN MANSON (BUTCHERS) LIMITED
JOHN MASON GROUP LIMITED
JOHN MANSON (HOLDINGS) LIMITED
(All In Liquidation)

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named companies will be held at Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE on Tuesday 13 April 1993 at 10.30 am for the purposes mentioned in Sections 99 to 101 of the said Act. A list of the names and addresses of the companies' creditors may be inspected free of charge at Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE between 10.00am and 5.00pm on Thursday 8 April 1993.

Creditors wishing to vote at the meeting must (unless they are individual creditors attending in person) lodge their proxies at the offices of Cork Gully at Melrose House, 42 Dingwall Road, Croydon, Surrey CR0 2NE no later than 12 noon on Thursday 8 April 1993. Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Unless there are exceptional circumstances, creditors will not be entitled to vote unless their proofs have been lodged and admitted for voting purposes. A proof may be lodged by submitting a written statement of claim clearly setting out the name and address of the creditor and the amount claimed. Whilst proofs may be lodged at any time before voting commences, creditors intending to vote at the meeting are requested to send them with their proxies. Unless they surrender their security, secured creditors must give particulars of their security and its value if they wish to vote at the meeting.

DATED this 31st day of March 1993
BY ORDER OF THE BOARD

NOTICE OF CREDITORS' MEETING
DISPLAY & SHOP EQUIPMENT LIMITED
(JOINT ADMINISTRATIVE RECEIVERS APPOINTED)

NOTICE IS HEREBY GIVEN, pursuant to Section 48 of the Insolvency Act 1986 that a MEETING of the CREDITORS of the above company will be held at The Grand Hotel, Colmore Row, Birmingham, on Thursday 22 April 1993 at 2.30pm for the purposes of having laid before it the report prepared by the Joint Administrative Receivers in accordance with the said act and, if thought fit, appointing a Committee.

Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat the liability of any person who is liable on the bill antecedently to the companies as a security held by him (unless that other person is subject to a bankruptcy order or in liquidation).

Creditors wishing to vote at the meeting must lodge a written statement of their claims with us at Coopers Lybrand, 43 Temple Row, Birmingham, S2719055 B2 5JT no later than 12.00 noon on 21 April 1993. Forms of proxy, if intended to be used, must also be lodged with us by that time. (Faxed copies are not acceptable)

DATED this 1 April 1993
John P Powell
Joint Administrative Receiver

Substituted Service of Bankruptcy Petition
In the High Court of Justice
IN BANKRUPTCY
ANTHONY GILMARTIN
of 37 Anchor Brewhouse,
50 Shad Thames, London SE1
also known as CHARLES ELLISON

Take notice that a bankruptcy petition has been presented against you in this court by Charles Comninos, Butlers Wharf West, 40 Shad Thames, London SE1 and the court has ordered that the publication in the Financial Times newspaper of the presentation of such Petition and the time and place fixed for hearing the Petition shall be deemed to be good and sufficient service of the said Petition on you on the 7th day after the date of publication. The said petition will be heard at this court on Friday 30th April 1993 at 11.00 am in Room 110, Thomas More Building, Royal Courts of Justice, Strand, London WC2.

Important. If you do not attend the hearing of the petition the court may make a bankruptcy order against you in your absence. The petition can be inspected by you on application at this court, whose offices are at Room 308, Thomas More Buildings, Royal Courts of Justice, Strand, London WC2.

Dated 7 April 1993

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS
JOLLY AND BARBER LIMITED

Registered number: 00194422. Nature of business: Printers. Trade classification: 10. Date of appointment of Joint Administrative Receivers: 31 March 1993. Name of person appointing the Joint Administrative Receivers, National Westminster Bank plc.

JOHN FREDERICK POWELL and
DAVID ROBERT WILTON
Joint Administrative Receivers
(Office holder nos 2095 and 5700)
Coopers & Lybrand, 43 Temple Row, Birmingham S2719000 B2 5JT

PERSONAL

COMPAGNIE DE SAINT GOBAIN
Public company with a capital of F6.999.327.000
Registered Office : "Les Miroirs" 18, Avenue d'Alsace - 92400 COURBEVOIE
RCS : NANTERRE B 642 039 532
PARTICIPATING STOCK APRIL 1984 OF ECU 1000 EACH
GENERAL MEETING TO BE HELD AON APRIL 28, 1993

AGENDA

The owners of participating stock April 1984 of ECU 1000 of COMPAGNIE DE SAINT GOBAIN informed that the General Meeting will be held on April 28, 1993 at 11.15 at the registered office, in COURVEVOIE (92400) "Les Miroirs" 18, Avenue d'Alsace. This meeting will enact on the following agenda:

- BOARD OF DIRECTORS' REPORT ON THE COMPANY'S OPERATIONS FOR FINANCIAL YEAR 1992,
- AUDITORS' REPORT ON FINANCIAL YEAR 1992 ACCOUNTS AND ELEMENTS FOR FUNDING THE PARTICIPATING STOCK YEILD,
- FIXING THE INCOME OF THE MASSE ENTITLED REPRESENTATIVES,
- POWERS FOR FORMALITIES.

To attend the meeting the participating stock owners will have to provide a blocking affidavit issued by the trustee and in order to appoint a deputy at the meeting they will have to add a proxy to the affidavit.

THE BOARD OF DIRECTORS

GM names new head of worldwide purchasing

By Martin Dickson

GENERAL Motors has unexpectedly named Mr Richard Wagoner, its young chief financial officer, to replace Mr J. Ignacio Lopez de Arriortua, who quit as head of worldwide purchasing last month and controversially joined Volkswagen in Germany.

Mr Wagoner, 40, who was only named chief financial officer last November, will continue to hold that position as well as taking on Mr Lopez's responsibilities.

The move surprised some analysts, who questioned whether Mr Wagoner would be able to devote sufficient time to the purchasing job while wearing two hats, and noted that he had spent much of his career on the financial side of GM, rather than in manufacturing.

Reform of the purchasing system – including pressuring suppliers to cut prices – forms a crucial part of GM's drive to turn its loss-making North American car operations back to profit.

Mr Lopez is believed to have saved GM more than $1bn in costs during his 10 months in the job. An important element of his success was his obsessive, idiosyncratic and energetic nature.

Mr Jack Smith, GM chief executive, said yesterday daily staff operations of the finance group would be overseen by Mr Leon Krain, a corporate vice-president, allowing Mr Wagoner to focus immediately on his purchasing responsibilities.

Mr Smith reiterated that the success of the purchasing initiative was vital to GM's competitiveness and said Mr Wagoner brought to the task knowledge of both operations and finance, as well as "creativity, drive and leadership".

AMD exceeds forecast

By Louise Kehoe in San Francisco

ADVANCED Micro Devices, the US semiconductor manufacturer, yesterday reported higher-than-expected first-quarter results, although an increase in tax rates caused a dip in earnings.

Revenues for the first quarter were $407.4m. Net income was $61.5m before payment of preferred stock dividends.

After the preferred dividend, quarterly net income amounted to $58.9m, or 63 cents a share. In the same quarter a year ago AMD reported higher earnings of $84.9m before the dividend, and $82.3m, or 90 cents, after the dividend, on the same level of revenues.

AMD said its tax rate in the quarter was 28 per cent, against 15 per cent in the first quarter of 1992 when it was able to carry forward losses and use tax credits to lower its overall tax rate.

It said sales of its 386 microprocessor, used in personal computers, reached record volumes, although prices were "dramatically lower" than a year ago. Reduced microprocessor revenues were more than offset by increased sales of other products, including non-volatile memory chips.

Sales in North America and Europe reached record levels in the quarter, while in Japan they declined, reflecting continued weakness in the Japanese semiconductor market.

"The current market recovery in information technology, with strong demand for computation and communications equipment, plays directly into AMD's strengths," said Mr W. J. Sanders III, chairman and chief executive.

AMD also announced it had signed a definitive agreement with Fujitsu of Japan to build a $700m semiconductor plant in Wakamatsu, Japan.

Varity unit buys Danish stake

By Andrew Baxter

MASSEY-FERGUSON, the farm equipment group owned by Varity of the US, has taken a one-third stake in a new company formed to acquire the assets of Dronningborg Maskinfabrik, the Danish combine harvester manufacturer.

The deal secures supplies of all the Massey combine harvesters sold in Europe.

Dronningborg has been making combines for Massey since 1984, but its future became uncertain when Dania Holding, its parent company, suspended payments to creditors in January.

Corning's income falls 9%

By Martin Dickson in New York

CORNING, the US manufacturer of high technology and glass products, yesterday reported a 9 per cent drop in comparable first-quarter net income, which it blamed mainly on a weak results from businesses in which it has equity interests.

The main culprits were Vitro Corning, its joint-venture houseware products company with Mexico's Vitro, and Dow Corning, which last year was embroiled in controversy over its breast implant products.

Corning said the weak results from these businesses were due to "soft economies in Mexico, Europe and Japan".

Corning's net income totalled $47.2m, or 25 cents a share, excluding accounting changes and special events, down 9 per cent when last year's figures are adjusted on the same basis. Sales were up from $741m to $817m.

Mr James Houghton, chairman, said: "Excluding special events, earnings from consolidated operations increased 8 per cent. However, this gain was not enough to offset the major decline in operations of equity companies."

He added that while the group was not pleased with its overall performance, it did not believe the results were indicative of the full year.

"The March operating results of consolidated companies were below our expectations primarily as a result of a series of manufacturing, distribution and service delivery disruptions caused by unusually severe weather in the US," he said.

He remained optimistic that the full-year performance would reflect the company's record of consistent growth.

Turner shares go ahead on sale report

By Martin Dickson

SHARES in Turner Broadcasting System, the cable television group founded by Mr Ted Turner, rose sharply yesterday as Wall Street reacted to fresh speculation that the company could be up for sale.

Turner's B shares rose $1⅝ to stand at $24⅛ in early trading in New York.

A press report yesterday suggested that Time-Warner, the world's largest media group, and Tele-Communications, the largest cable operator in the US, could be discussing plans to divide many of Turner Broadcasting's assets between them. None of the three parties would comment.

Time and TCI each own about one-fifth of Turner Broadcasting's equity, having rescued the company from debt difficulties in 1987.

Mr Turner, with around 37 per cent of the equity, retains 56 per cent of the votes and thus control.

The fresh speculation follows rumours in February that Turner had been discussing a possible merger with other media companies.

Dutch paper group posts profits down by 75%

By Ronald Van de Krol in Amsterdam

KNP BT, the big Dutch paper and packaging group created out of a three-way merger last month, saw net profits plummet by nearly 75 per cent in 1992, underlying the difficult market conditions facing the new company.

Combined pro forma net profit for the three merger partners – the Dutch companies KNP, Bührmann-Tetterode and VRG – fell to Fl 116m ($64.6m) from Fl 443m in 1991. If extraordinary items are excluded, net profit declined by 64 per cent to Fl 175m from Fl 489m a year earlier.

The three companies warned of falling profits in November when they announced plans to merge.

Overall, group operating profit was down 42 per cent at Fl 538m. Sales increased by 2.2 per cent to Fl 11.76bn.

KNP BT said yesterday there were few signs of improvement in its main markets.

PepsiCo to increase its investment in Poland

By Christopher Bobinski in Warsaw

PEPSICO Foods International, which bought a controlling share in Poland's Wedel confectionery plant two years ago, is to increase its initial five-year investment commitment by 25 per cent, Mr Peter Robinson, Wedel chairman, told shareholders yesterday.

PFI originally paid $25m for the Wedel company and promised to invest $56m by the end of 1996 to modernise and expand the confectionery business. The programme, now to be increased to $70m, includes construction of a new salty snacks plant outside Warsaw.

Last year, Wedel saw sales increase by 52 per cent to 1,583bn zlotys ($95.8m) and reported net profit 48 per cent up at 240.7bn zlotys, due partly to a tax holiday.

The shareholders approved an 8,000 zlotys-a-share dividend.

Poland's banking privatisation given $12.7m injection

By Christopher Bobinski in Warsaw and Anthony Robinson in London

POLAND'S long-delayed bank *privatisation programme* got under way yesterday following a *decision* by the European Bank for Reconstruction and Development (EBRD) to invest 210bn zlotys ($12.7m) in Poland's Wielkopolski Bank Kredytowy (WBK) ahead of a public share offer due to open next week.

The government hoped to *attract a foreign commercial* bank to buy into the WBK, the *first of nine* state-owned commercial banks carved from the National Bank of Poland (NBP), the central bank, four years ago.

However, the Polish finance ministry, advised by Shroders, *the UK merchant* bank, was unable to find a foreign bank willing to take a minority stake at this stage.

The EBRD has spent six months running a due *diligence* examination of the *bank's loan portfolio*. It agreed to acquire 28.5 per cent of the WBK's equity, while private foreign and domestic investors are being offered 1.74m shares, or 27.2 per cent, through the public share offer.

Last year, WBK reported a net profit of 237.4bn zlotys on a balance sheet of 14,659.7bn zlotys. That followed a 1991 loss of 706.6bn zlotys, due largely to provisions for bad debts on a balance sheet worth 11,367bn zlotys.

The WBK remains relatively *unencumbered* by bad loans and has swapped debt owed by the Warsaw steelworks for equity in the company's $200m joint venture with Lucchini, the private Italian steelmaker.

More than one-third of the *bank's loan portfolio*, some 2,589bn zlotys, has been classified as "doubtful and overdue", with provisions set at 1,100bn zlotys. More than 40 per cent of the bank's loan portfolio is with *private-sector companies*.

The share price for the *public offer has been set at* 115,000 zlotys, giving the WBK a price equity ratio of 2.7, roughly comparable to the 16 stocks now being traded on Warsaw's fledgling stock exchange.

The state treasury will retain a 30 per cent stake. The bank's 3,500 employees are to be offered 14 per cent at half the price of the shares on offer to the general public.

At least two foreign banks *are considering* a stake, Mr Guy de Selliers, the EBRD's deputy head of merchant banking, said in London.

The EBRD has already committed Ecu550m ($649m) to Poland, and the stake in the WBK *is not only* its largest investment in a financial institution in Poland but also the forerunner of similar investments elsewhere in central Europe. Half the estimated £1.6m ($2.27m) cost of the WBK *sale is being borne by the* British government's Know How Fund.

The Polish government is *continuing* to look for foreign commercial banks willing to take important stakes in the nine commercial *banks up for* privatisation, Mr Jerzy Osiatynski, the finance minister, confirmed yesterday.

Next on the list is the forthcoming disposal of the Bank Slaski, which is being handled by Paribas.

The WBK has 41 branches and 252,000 *clients with deposits* of 9,600bn zlotys. It is *receiving* management advice from the Allied Irish Bank under a three-year "twinning" contract.

The EBRD's present investment in the WBK *will* bring the bank's capital adequacy ratio up *to* 12 per cent, the general target for the government's World Bank supported domestic bank debt restructuring programme.

Tense house of Tata stands divided against itself

Stefan Wagstyl looks at the bitter war of succession engaging two generations of managers in Bombay

THE HOUSE of Tata, *India's largest business* group, likes to exude an air of *quiet authority*.

Its Bombay headquarters, a *drab brown* building with brass plaques by the door, *resembles* an old-fashioned merchant bank. A bust of the the group's 19th century founder commands the entrance hall. From the day executives start, they are taught that Tata's greatest asset is the Tata name.

But Tata's self-assurance has been disturbed by a bitter boardroom battle at Tata Iron *and Steel (Tisco), its flagship* company. The fight centres on the last-ditch effort by Mr Russi Mody, Tisco's flamboyant 75-year-old chairman, to delay his enforced retirement.

Ranged against him are Mr J.R.D. Tata, the group's 88-year-old patriarch, and Mr Ratan Tata, 55-year-old cousin and chosen heir. Last month, Mr Mody stormed out of a Tisco board meeting when the issue of his retirement was raised. The board decided that Mr Mody should leave this year, but *the exact date* will involve delicate negotiations.

The battle highlights the difficulties India's family-based businesses face in satisfying the conflicting ambitions of family members, professional *managers, and shareholders*.

Tata Sons, the group's privately-owned nerve centre, mostly holds only small stakes in its large publicly-listed operating companies, which have a combined annual turnover of $4.5bn in everything from lorries to lipstick, as well as steel, cement and chemicals.

Mr Ratan Tata, a thoughtful man who took over as chairman of Tata Sons from Mr J.R.D. Tata in 1991, says his aim is to bring greater focus and cohesion to the group. To succeed, he must stamp his *authority upon the group's* ageing chiefs – including Mr Mody – and promote a new generation of managers.

Mr Ratan Tata's task might have been easier if he had started sooner. His advance to the chairmanship of Tata Sons was delayed by Mr J.R.D. *Tata's determination to stay at* the helm. Even now, the elder Tata remains on the Tata Sons board, creating the impression that Mr Ratan Tata is not yet his own master.

Mr J.R.D. Tata's reluctance to retire is understandable. He had run Tata since taking over at the early age of 34 in 1938; he founded Air India – subsequently nationalised – and piloted its first flight.

His easy-going manner *endeared him to managers* and workers alike. At Jamshedpur, *Tisco's home* and a company town of 700,000 inhabitants, the annual founder's day ceremonies turned into acts of homage to the greatest living Tata.

Mr Mody was Mr J.R.D. Tata's ablest protege. He was outside the family, but like the Tatas he is a Parsee, a member of a wealthy and close-knit religious community which survives in Bombay centuries after its ancestors fled persecution in Persia.

While Mr Tata directed the *group from Bombay*, Mr Mody ran the steelworks at Jamshedpur, *presiding* over decades of strike-free production. He is also a pilot, an accomplished chef and a pianist. As a student at Oxford, he once accompanied the violin-playing Albert Einstein.

A man of modest height and great ambition, he compared *himself* with Napoleon and once declared that Harrow School, his alma mater, had produced only three great men in the 20th century: Winston Churchill, Jawarhalal Nehru, and Russi Mody.

When Mr J.R.D. Tata finally indicated in his early 80s, that he was preparing to retire, Mr Mody saw himself as the natural successor. Family ties and the advantage of youth favoured Mr Ratan Tata.

Mr Ratan Tata, who had studied engineering and architecture in the US before working his way up the *group*, inherited a tricky position. Tata's *cohesion* was based less on intra-group shareholdings – as low as 8 per cent in Tisco – than on Mr J.R.D. Tata's personal authority.

Thoughtful: Ratan Tata

Reluctant: J.R.D. Tata

The crunch came when *the Tata Sons* board last year passed a resolution requiring all group managing directors to retire at 65 and chairmen at 75. Mr Mody claimed that the resolution was aimed personally at him.

In scenes *unprecedented* in Indian business, both sides last May appealed to the prime minister, Mr P.V. Narasimha Rao. Mr Rao stayed out of the fight. Mr Mody admitted defeat, but managed to secure a compromise – the right to remain as non-executive chairman with some executive powers, including control of exports, with Mr Aditya Kashyap, *his close friend and protege*, to assist him.

The public feuding ended last summer, but tensions remained high in Tisco with Mr Mody and Mr Irani barely on speaking terms. The atmosphere was poisoned by, among other things, a dispute about whether Tata should bid to take over a state-owned steel plant which the government wanted to privatise. Mr Mody was in favour. Mr Irani refused on the grounds that Tisco was in the middle of a large-scale factory modernisation programme.

The two men also quarrelled over a $1.5m private jet which appeared in Tata's hangars in Jamshedpur airport in 1990. According to Mr Mody, the Citation aircraft was sent to India by Korf, a large German engineering *concern* and a joint-venture partner of Tisco. *It was intended to* be used by Korf personnel and remains Korf's property, says Mr Mody.

The plane has been flown almost exclusively by Mr Mody, its running costs have been paid by Tata companies, and it is regarded by Tata employees in Jamshedpur as the chairman's personal toy.

The argument is not trivial since Indian foreign exchange law forbids Indians from buying imported private jets.

Mr Mody says he has no regrets about the way he has been treated by the Tata family. "They treated me like a prince," he says. But he believes that after his years of service he should not be harried out of the group.

Mr Ratan Tata says the retirement rules must apply to everybody. Everybody, that is, except Mr J.R.D. Tata. "J.R.D. is unique," he says. And, Mr Mody might add, he is also a Tata.

Peregrine soars to HK$607m

PEREGRINE Investments, the holding company for the Hong *Kong merchant bank Peregrine* Capital, yesterday posted net profits 101 per cent ahead at HK$607.8m ($78.6m) for 1992, up from HK$302.9m the year before, helped by strong brokerage and corporate finance activities, *AP-DJ* reports from Hong Kong.

Earnings per share advanced 21 per cent to 23.6 cents from 19.5 cents, and the directors declared a final dividend of 6 cents a share, pushing the *year's payout to 10.5 cents*, up 27 per cent from 8.3 cents for 1991.

They also recommended a one-for-five bonus issue followed by a share consolidation of six into one new share.

The group's turnover jumped 125 per cent to HK$4.24bn from HK1.89bn.

Mr Philip Tose, chairman, *said the group's* merchant banking activities retained their leading position in the colony in underwriting local rights issues and initial public *offerings*, as well as mergers and acquisitions.

Peregrine Capital was "a pioneer and market leader" in sponsoring Chinese enterprises seeking to be listed on the Hong Kong stock exchange, he said. In 1992, it participated in more than 40 fund-raising exercises, *involving total funds of* more than HK$19bn.

Mr Tose said the bank had built a big presence in China. The People's Bank of China, the country's central bank, had allowed it to open an office.

Mystery buyer of Fairfax stake

ORD Minnett Securities, an Australian stock brokerage firm, yesterday bought slightly more than 5 per cent of John Fairfax, Australia's second-biggest newspaper publisher, AP-DJ reports from Sydney.

The transaction cost about A$75m (US$54m). Ord Minnett would not disclose for whom it bought the 36m shares, nor comment on speculation that the buyer was either Mr Kerry Packer, the Australian businessman, or Mr Conrad Black, the Canadian publisher.

Samsung acquires 20% of US microchip maker

By John Burton in Seoul

SAMSUNG Electronics, South Korea's largest electronics and semiconductor manufacturer, has acquired a 20 per cent *shareholding in Array* Microsystems, a US producer of digital signal processing (DSP) chips which are used in high-definition television and multimedia products.

Samsung Electronics said that it wanted to develop *DSP* chip technology with Array. It has co-operated with Array since December 1990 in developing and marketing *image* compression chips for HDTV. *Samsung is developing* an HDTV system with its sister subsidiary, Samsung Electron Devices.

The Array shareholding is the latest in a recent series of ventures that Samsung has concluded with foreign semiconductor makers, including a *licensing agreement with Toshiba* for flash memory chips.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Prices for Trading on 07.04.93 | Final Prices for Trading on 10.03.93

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.04	18.86	18.86
0100	18.06	26.69	29.09
0130	18.12	30.26	32.79
0200	24.50	30.26	32.73
0230	34.00	25.24	27.48
0300	34.00	26.69	28.97
0330	32.86	26.69	28.98
0400	25.50	22.36	24.52
0430	19.00	18.11	18.11
0500	18.16	18.11	18.11
0530	18.14	18.11	18.11
0600	18.14	18.11	18.11
0630	18.15	21.78	23.95
0700	18.60	22.82	24.82
0730	27.10	22.95	25.16
0800	32.96	23.25	25.46
0830	34.94	24.08	26.33
0900	34.94	34.25	36.91
0930	28.86	34.29	36.93
1000	28.86	34.29	36.93
1030	28.68	26.75	29.11
1100	28.88	26.73	29.07
1130	27.11	26.74	29.08
1200	28.68	26.75	29.09
1230	28.68	26.73	29.07
1300	28.67	24.09	26.33
1330	27.10	23.44	25.65
1400	25.65	23.43	25.85
1430	25.17	23.13	25.33
1500	25.17	22.84	25.03
1530	25.17	18.65	18.65
1600	25.17	22.84	25.03
1630	31.96	22.85	25.02
1700	31.96	23.26	25.43
1730	31.96	23.45	25.62
1800	31.98	23.57	25.79
1830	24.96	30.60	33.12
1900	24.82	30.77	33.29
1930	24.61	30.66	33.15
2000	24.82	30.33	32.73
2030	33.25	26.38	28.60
2100	33.25	23.24	25.40
2130	33.25	22.84	24.99
2200	24.82	22.84	25.00
2230	24.04	21.98	24.12
2300	23.91	18.40	18.40
2330	23.91	18.04	18.04
2400	18.08	17.64	17.64

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday

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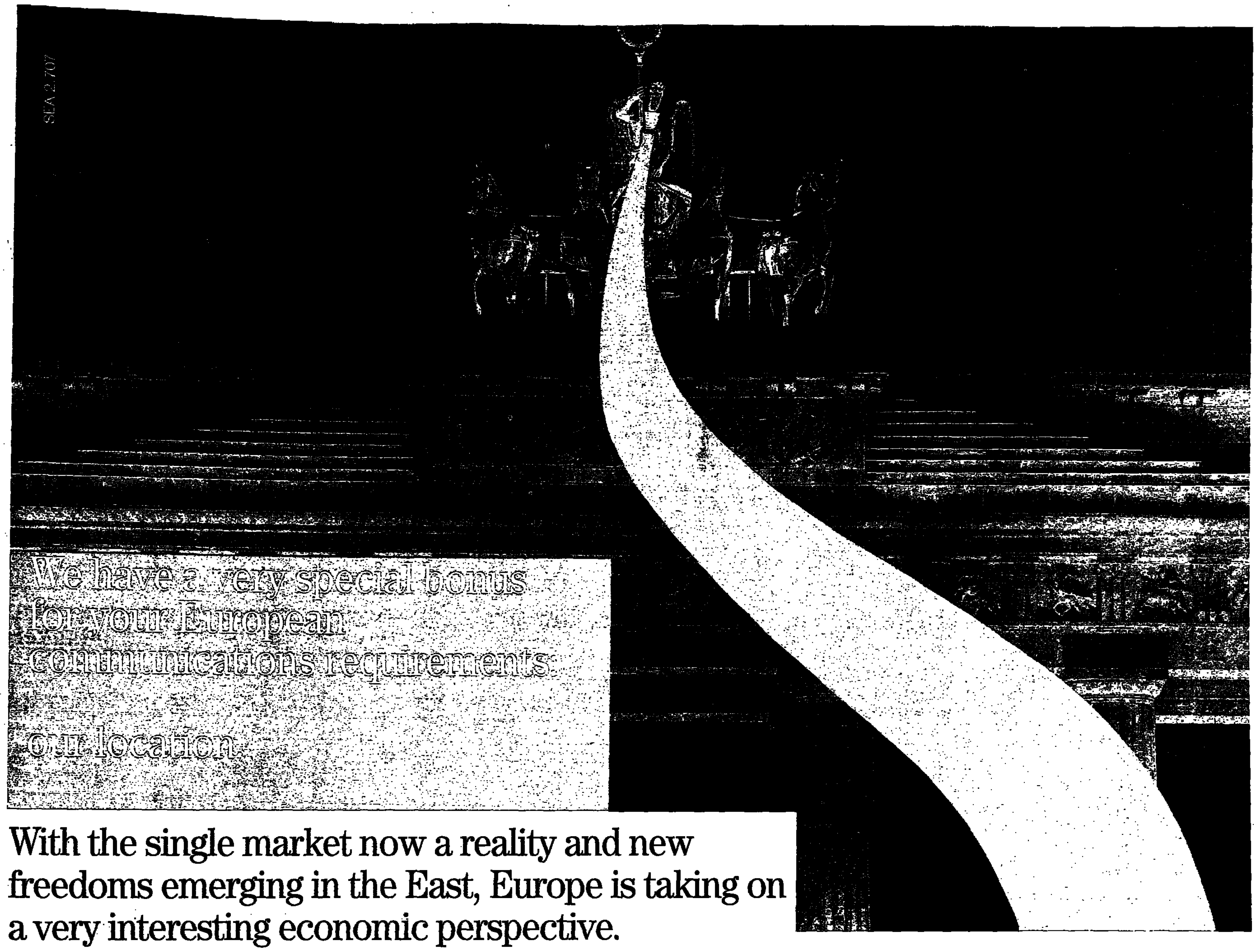

With the single market now a reality and new freedoms emerging in the East, Europe is taking on a very interesting economic perspective. For European companies as well as the rest of the world. However, one of the most important prerequisites for more effective and successful economic cooperation is obviously an efficient telecommunications system. Telekom is Europe's largest telecommunications company.

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INTERNATIONAL CAPITAL MARKETS

Hopes of repo rate cut boost German government paper

By Richard Waters in London and Martin Dickson in New York

EUROPEAN bond markets rose strongly yesterday, spurred by weak economic data in Germany and hopes of a cut in the key German money market rate today.

Ten-year German government bonds jumped by half a point as a rumour swept the market that the Bundesbank had indicated to several institutions that it would accept bids as low as 8.05 per cent in today's 14-day repo tender. This compares with the 8.17 per cent at the last repo.

Several traders and analysts reported that institutions they had talked to and which were bidding in today's tender denied they had been approached, helping to dampen hopes of a large cut. But weak economic data left most analysts expecting a cut in the repo to 8.12 per cent or even 8.10 per cent today.

GOVERNMENT BONDS

Seasonably-adjusted unemployment rose by 56,000, while manufacturing orders showed an annual decline of 13.6 per cent. On top of weak industrial production figures last week, it was enough to reinforce market confidence.

Also, the Bundesbank was expected to engineer a further cut in money market rates to leave room for the long-awaited cut in the French five to 10-day rate, which is expected tomorrow.

While cash bunds rose half a point, the June bund futures contract on Liffe rose from 95.34 to close at around 95.82, close to its high of the day.

■ THE yield on 10-year French bonds fell by around seven basis points, in line with their German counterparts, as the market continued to be buoyed by a strong franc and the prospect of an interest rate cut.

At 56 basis points, the yield spread between bunds and OATs hovered at its lowest for many months, and sharply lower than before the French elections, when it stood some 25 to 30 basis points higher.

But analysts warned that 10-year bond yields were unlikely to advance much further relative to Germany in the short-term.

The franc remained firm yesterday, at FFr3.385 to the D-Mark, while call money stood at around 10.5 per cent, giving a firm background against which an interest rate cut could be announced.

■ LONGER-dated UK government bonds regained some ground lost during the sell-off on Monday, prompted partly by a move by traders to close bear positions. Short-dated and index-linked gilts remained unmoved, leading to a slight flattening of the yield curve.

The long gilt future on Liffe opened at 105$\frac{15}{32}$ and rose early in the day, ending near its high at around 106$\frac{3}{32}$.

■ WHILE other European markets were firm, Spanish government bonds dropped sharply on political uncertainty. The yield on 10-year bonds jumped by more than 20 basis points as the peseta fell on signs of deepening divisions in the ruling Socialist party.

■ THE yield curve flattened yesterday morning in the US Treasury bond market as the short end was weighed down by a sudden flood of new paper.

At lunchtime in New York, the benchmark 30-year Treasury issue stood at 101$\frac{3}{32}$, up ¼, to yield 7.004 per cent, while the two-year note traded around 99$\frac{3}{32}$, down $\frac{1}{32}$ to yield 3.957. The spread between the two narrowed to 305 basis points from 311 late on Monday.

While the long end found some support at a yield just above 7 per cent, the short end had to cope with a flood of supply, following Congress's passage on Monday of an increase in the debt ceiling to $4,370bn from $4,145bn.

The Treasury yesterday sold $14.25bn of 52-week bills, while the market also had to cope with $17bn of 15-day cash management bills. The Treasury also announced the sale today of $22.4bn in 13- and 26-week bills, originally scheduled for April 5.

The Federal Reserve added funds to the banking system yesterday through $2bn of customer repurchase agreements.

FT FIXED INTEREST INDICES

	April 6	April 5	April 2	April 1	Mar 31	Year ago	High *	Low *
Govt.Secs (UK)	96.92	96.64	97.10	96.88	96.68	85.37	98.04	93.28
Fixed Interest	112.78	112.83	112.73	112.67	112.07	98.85	113.83	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 113.83 (8/3/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	April 5	April 2	April 1	Mar 31	Mar 30
Gilt Edged Bargains	93.5	102.6	125.5	141.7	124.4
5-Day average	117.5	122.3	125.6	125.8	130.0

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	114.8233	-1.010	7.77	7.71	7.91
BELGIUM		9.000	03/03	110.5500	+0.145	7.48	7.48	7.24
CANADA *		7.250	06/03	97.4000	+0.300	7.62	7.48	7.31
DENMARK		8.000	05/03	100.2000	+0.200	7.97	7.97	8.05
FRANCE	BTAN	8.000	05/98	104.3737	+0.213	6.94	6.95	7.15
	OAT	8.500	04/03	109.0700	-0.510	7.20	7.23	7.26
GERMANY		7.125	12/02	103.3250	+0.480	6.64	6.64	6.50
ITALY		11.500	03/03	91.6850	+0.795	13.29†	13.10	12.76
JAPAN	No 119	4.800	06/99	103.0790	+0.275	4.18	4.22	3.71
	No 145	5.500	03/02	108.8378	+0.832	4.15	4.20	3.91
NETHERLANDS		7.000	02/03	102.2300	+0.280	6.68	6.85	6.48
SPAIN		10.300	06/02	92.2982	-1.145	11.69	11.37	11.29
UK GILTS		7.250	03/98	102-02	+2/32	6.76	6.73	6.53
		8.000	06/03	102-00	+2/32	7.71	7.76	7.52
		9.000	10/08	107-01	+7/32	8.19	8.31	8.06
US TREASURY *		6.250	02/03	100-19	-4/32	6.17	5.99	5.80
		7.125	02/23	101-10	+14/32	7.02	6.88	6.63
ECU (French Govt)		8.000	04/03	102.5700	+0.420	7.62	7.56	7.44

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Telecom sector to provide investors with spate of issues

By Sara Webb in London and Kerin Hope in Athens

INTERNATIONAL equity investors can expect a spate of issues from the telecommunications sector over the next few months, with international share deals scheduled to come from Chile, Greece, the UK and Singapore.

Investment bankers expect Compania de Telefonos de Chile, the Chilean telecommunications group, to have its 10-year convertible bond issue sized and priced today

INTERNATIONAL EQUITIES

Goldman Sachs is lead-manager for the deal, expected to raise up to $132.6m in total. The exact size of the international portion, however, will be determined by how much of the domestic rights offering is taken up. The results of the domestic rights offering were due late last night.

The conversion premium is expected to be between 22 and 25 per cent and the yield to redemption between 5.5 and 6 per cent. Bankers expect half the deal to be sold in the US and the rest internationally. So far, those involved in the deal have noted strong demand for the issue, pointing out this is the first convertible bond issue to emerge from Chile.

Further news emerged yesterday concerning the privatisation of OTE, the Greek state telecom group. The Greek government has appointed Credit Suisse First Boston and J. Henry Schroder Wagg as joint global co-ordinators and joint international lead-managers for the sale of 14 per cent of the state telecoms monopoly.

The offering, due to be launched in the autumn, is expected to raise up to $420m, of which about $150m will be offered to international investors mainly in the UK and Europe. Four per cent of the company will be offered to employees on preferential terms, while the remaining 10 per cent will be split roughly equally into a domestic and an international tranche, according to a government adviser.

The equity offering is the largest so far in Greece. It will be launched after the first stage of OTE's partial privatisation – the sale of a 35 per cent stake to an international telecom operator – is completed. The government will keep control of 51 per cent of the telecoms group.

Morgan Stanley, Paribas Capital Markets and N. M. Rothschild are co-managers for the international tranche. Several Greek financial institutions will be selected in coming weeks to manage the domestic tranche.

OTE, the only profitable Greek utility, forecasts earnings of around Dr190bn this year. But it faces heavy pension liabilities and needs substantial investment to modernise its network.

Sterling and French franc deals dominate lively session

By Tracy Corrigan

DEALS in French francs and sterling dominated a lively session in the Eurobond market yesterday.

SmithKline Beecham, the pharmaceuticals group, launched a £100m five-year issue via Samuel Montagu, while Woolwich Building Society issued a £150m three-year deal via Union Bank of Switzerland. Both deals were considered rather aggressively priced, but demand for sterling bonds from overseas and UK investors remains quite firm, and the deals are expected to be placed over the next week or so.

INTERNATIONAL BONDS

In particular, the SmithKline Beecham deal was offered at the same yield as an outstanding £100m issue, with which it is fungible. Further, the yield spread of 62 basis points over the comparable gilt takes advantage of the shape of the yield curve: as with many recent issues, the bond matures at the end of 1998, while the gilt matures in March 1998, which makes the deal appear more generous.

Dealers said the fact that the issue was offered at a premium of several points above par also detered some investors. However, the previous issue, launched at the end of January at a spread of 75 basis points, performed well, meeting demand even above par. The deal was swapped into floating-rate sterling.

Woolwich's three-year deal was also considered rather tightly priced at 45 basis points over the curve. However, there has been very little paper at the short end of the yield curve, and existing paper is trading at tight levels.

But dealers said that mainstream investors were not very interested in the short end of the market. However, there was demand from asset swappers, who were able to swap the bonds into floating-rate assets paying about 30 basis points above the London interbank offered rate (Libor).

In the French franc market, two large deals by Société Nationale des Chemins de Fer français (SNCF), the French national railway, dominated the day's trading. SNCF launched a FFr4bn issue due 2008, consisting of a FFr2bn international tranche, and a FFr1.5bn domestic offering due 2005.

Dealers said that the FFr4bn 15-year deal via Credit Commercial de France met strong demand, particularly from international investors, who are expected to account for more than half the paper placed. SNCF did not swap the proceeds, taking the opportunity to lock in historically low 15-year rates.

Also in the French market, Alcatel launched a FFr2bn five-year deal via Société Générale, priced to yield 55 basis points over the curve.

Elsewhere, the Republic of Finland, which has been rumoured in French francs in recent weeks, launched a SFr200m five-year issue via UBS.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Yamanouchi Pharmaceutical(a)ϕ	200	1.5	100	Apr.1997	2.25/1.5	Nikko Europe
YEN						
Yamanouchi Pharma.(a,b)§#	30bn	(b)	100	Mar.2000	2.5/1.5	Nomura International
D-MARKS						
Apasco(c)	80	8.25	100	Apr.1998	2/1.25	Dresdner Bank
STERLING						
Woolwich Building Society	150	7	100.525	Apr.1996	1.375/1.15	UBS
SmithKline Beecham Capital(d)	100	8.125	102.787	Nov.1998	0.3/-	Samuel Montagu & Co.
FRENCH FRANCS						
SNCF(e)	2bn	7.5	98.3	Apr.2008	1.3/0.75	CCF
Alcatel Alsthom	2bn	7.25	99.93	May.1998	1.625/0.75	Société Générale
Caisses D'Epargne(f)‡	1.5bn	(f)	100	Jun.2003	-	Banque Paribas
ITALIAN LIRA						
Crédit Local de France	150bn	11.3	101.75	May.1998	1.875/1.25	San Paolo, Turin
ECUS						
European Investment Bank(g)	150	7.75	101.143	Mar.2000	-/0.125	Barclays de Zoete Wedd
FINNISH MARKKA						
Marubeni Intl.Finance	255	8.5	100	Apr.1994	-	LTCB International
SWISS FRANCS						
Republic of Finland★	200	5	102.125	May.1998	-	UBS
Audesa	150	5.125	101.625	May.2003	-	Credit Suisse
Sokkia Co.(a,h)★ϕ	80	0.75	100	Apr.1997	-	BSI

Final terms and non-callable unless stated. ★Private placement. §Convertible. ϕWith equity warrants. ‡Floating rate note. #Semi-annual coupon. a) Final terms fixed on 13/4/93. b) Coupon is indicated at 1.625-1.75%. Callable on 1/4/94 at 103% declining by 0.5% per annum, subject to the 130% rule. c) Callable in 3 years at 101.625% and in 4 years at 101.125%. Puttable at par plus accrued if Apascos shareholder Holderbank reduces stake in the company to less than 50%. d) Fungible with the outstanding £100m. Plus 63 days accrued interest. e) Internationally syndicated tranche of a FFr4bn deal. f) Coupon pays the TME + 0.1%. g) Fungible with the outstanding Ecu500m. Plus 35 days accrued interest. h) Callable on 2/4/94 at 101.5% declining by 0.25% semi-annually.

Venezuelan debt downgraded

By Richard Waters

THE outlook for Venezuela's long-term debt was amended to negative yesterday by Standard & Poor's, the US rating agency, only days after the country's successful return to the D-Mark sector of the international bond market.

S&P, while it affirmed Venezuela's double-B credit rating, said its adjustment to the country's outlook was prompted by "the increasing political difficulties" the government faced in pushing through electoral and economic reforms.

● Moody's Investors Service, the US agency, has lowered the credit ratings of two Japanese trust banks due to asset quality problems and a poor outlook on long-term profitability. Emiko Terazono writes in Tokyo.

Long-term ratings at Sumitomo Trust and Banking and Mitsubishi Trust and Banking were lowered to Baa1 from A2.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 6

	Issued	Bid	Offer	Chg. day	Yield
U.S. DOLLAR STRAIGHTS					
ABN 9 1/8 94	200	106½	106½	+⅛	4.22
ALBERTA PROVINCE 9 3/8 95	600	110⅝	111		4.83
AUSTRIA 8 1/2 00	400	112½	112⅞		8.19
BANK OF TOKYO 8 3/8 96	100	108	108⅝		5.40
BELGIUM 9 5/8 98	250	116⅞	117¼	+⅛	5.80
[illegible]					

	Issued	Bid	Offer	Chg. day	Yield
OTHER STRAIGHTS					
ARBED 7 1/2 95 LFr	600	98¾	99¼		8.09
ECSC 7 3/4 94 LFr	1000	100	100¾		7.71
WORLD BANK 8 98 LFr	1000	101⅜	102⅞		7.47
ENERGIE BEHEER 8 3/4 98 Fl	500	109¼	109¾		6.70
UNILEVER 9 00 Fl	500	115⅜	115⅞		6.28
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	36	14	27
Other Fixed Interest	3	1	11
Commercial, Industrial	202	384	837
Financial & Property	108	110	578
Oil & Gas	18	14	52
Plantations	1	2	5
Mines	48	18	72
Others	33	22	69
Totals	449	543	1,651

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	½	½	Anglo Utd Warrants	½		-	-	-	-
150	F.P.	-	188	153	David Lloyd Leis	175		b1.95	4.8	1.4	17.0
100	F.P.	-	102	100	Fleming Emerg Mkts	102		-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings April 5
● Last Dealings April 16
● Last Declarations July 15
● For settlement July 26

3-month call rate indications are shown in Saturday editions.

Calls in: Densitron, Ferranti, Kewill Systems, Maddox, Premier and Taylor Woodrow. Put in: Bristol Channel.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*567)	550	21	37	48	3	26	32
	600	1½	15	26	35	57	62
[illegible]							

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA (*787)	750	50	63	78	8	23	32
Brit Aero (*270)	260	30	42	56	13	24	34
	280	18	32	42	21	36	42
Eurotunnel (*482)	460	37	55	72	39	49	59
	500	20	39	54	59	73	81
[illegible]							

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Glaxo	550	53	73	82	21	35	45
[illegible]							

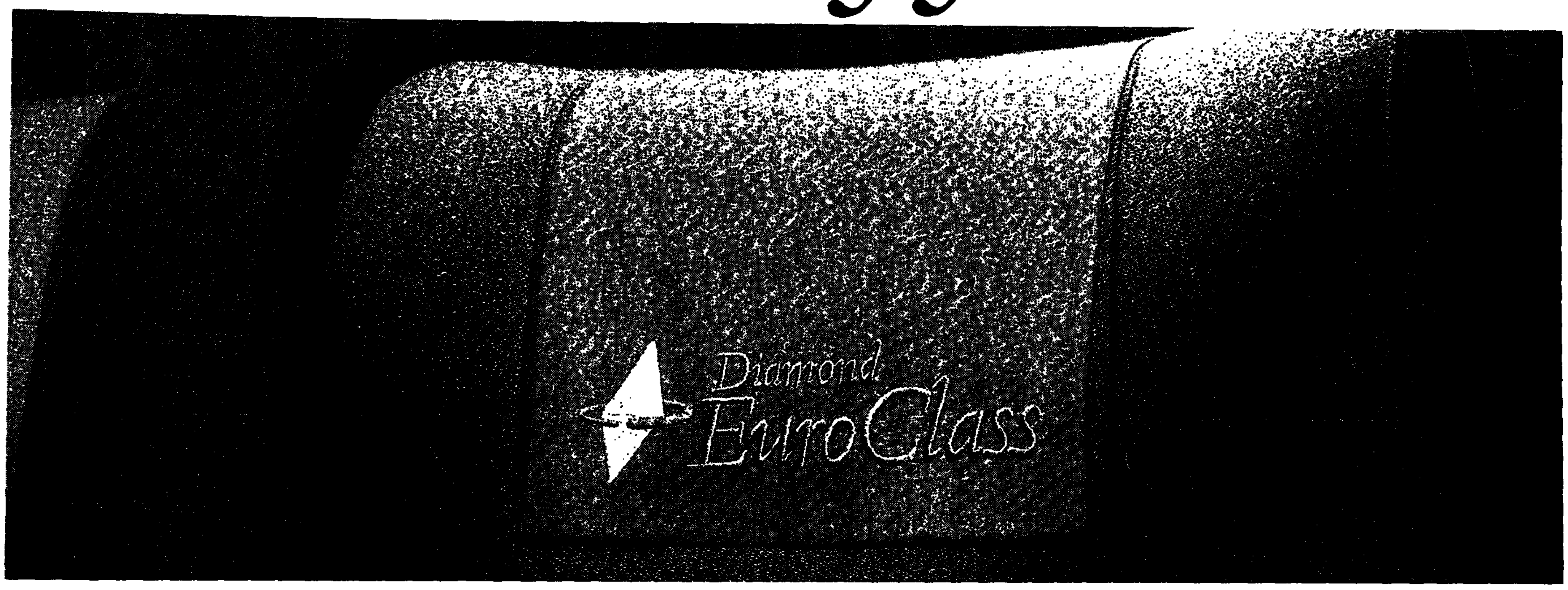
Euro FT-SE Calls 1,596 Puts 297
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Tue Apr 6	Day's change %	Mon Apr 5	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	129.17	+0.01	129.15	2.19	2.82
2	5-15 years (22)	149.07	+0.06	148.98	1.78	3.96
3	Over 15 years (8)	158.71	+0.17	158.44	1.59	3.10
4	Irredeemables (6)	182.80	+0.32	182.22	3.63	1.48
5	All stocks (60)	145.22	+0.06	145.13	1.94	3.35
	Index-Linked					
6	Up to 5 years (2)	184.06	+0.04	183.99	0.50	1.51
7	Over 5 years (12)	175.10	+0.05	175.00	0.80	1.33
8	All stocks (14)	175.17	+0.06	175.06	0.76	1.35
9	Debs & Loans (67)	128.99	-0.01	129.01	2.16	3.08

	AVERAGE GROSS REDEMPTION YIELDS		Tue Apr 6	Mon Apr 5	Year ago (approx.)
	British Government				
1	Low	5 years	6.72	6.72	9.31
2	Coupons	15 years	7.76	7.78	9.65
3	(0%-7¾%)	20 years	8.01	8.03	9.69
4	Medium	5 years	6.98	6.98	10.30
5	Coupons	15 years	8.21	8.22	9.75
6	(8%-10¾%)	20 years	8.36	8.37	9.68
7	High	5 years	7.20	7.19	10.42
8	Coupons	15 years	8.45	8.46	9.88
9	(11%-)	20 years	8.52	8.54	9.79
10	Irredeemables (Flat Yield)		8.39	8.41	9.84
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.24	2.25	3.67
12	Inflation rate 5%	Over 5 yrs.	3.41	3.41	4.59
13	Inflation rate 10%	Up to 5 yrs.	1.38	1.36	3.27
14	Inflation rate 10%	Over 5 yrs.	3.23	3.23	4.41
15	Debs &	5 years	8.61	8.62	11.46
16	Loans	15 years	9.31	9.31	11.18
17		25 years	9.50	9.49	10.99

"You can't fly in Business Class and have a choice of fares."



Oh yes you can.

For too long, flying Business Class has meant one, expensive, take-it-or-leave-it fare.

But enough is enough.

British Midland's new Diamond EuroClass offers a choice of Business Class fares for a choice of business needs – a fully flexible Executive Return, our innovative 3 Day Executive Return, and Eurobudget for trips with a flexible return time.

All three give Business Class passengers top class service in a separate cabin. All three entitle you to advanced seat assignment, priority check-in and priority disembarkation.

And all three save you serious amounts of money. Even the most expensive Diamond EuroClass fare will be no more than other airlines' normal Economy fares.

For example, you can save over £80 on a return trip to Amsterdam, more than £100 to Brussels, as much as £138 to Paris.

With a new 4-flights-every-weekday Heathrow to Frankfurt service launched on March 28th, British Midland Diamond EuroClass finally brings European Business Class travellers what they've been demanding for years.

Choice.

Diamond EuroClass

From Heathrow To:	EuroClass Executive Return Saving	EuroClass 3 Day Executive Return Saving	EuroClass Eurobudget Return Saving
AMSTERDAM	£26	£56	£84
BRUSSELS	£46	£76	£106
PARIS	£48	£78	£138
FRANKFURT	£36	£100	£121
DUBLIN	£48	£85	£83
NICE	£126	£172	£179
PALMA	£96	£134	£194

Compared to other airlines' full Business Class return fares.

British Midland
THE SERIOUS ALTERNATIVE

High exposure to German car producers but devaluation helps

Laird improves to £36.2m

By Richard Gourlay

LAIRD GROUP, maker of car components and industrial products, yesterday reported sharply higher profits for 1992 as investments in plant that supplies new models came on stream.

Pre-tax profits rose from £21.3m to £36.2m, on sales up 15 per cent at £600.7m.

The results have been prepared on the basis of FRS 3 accounting principles.

Profits from continuing operations rose from £28.2m to £39.5m. Earnings on this basis rose 21 per cent to 20.8p.

Earnings per share under FRS 3 rose from 12.3p to 18.7p; the company has already declared a second interim of 6.3p, giving a total for the year of 10.5p, up 3 per cent.

Mr John Gardiner, chairman, said demand from the auto industry would be lower in continental Europe this year, where Laird has a particularly high exposure to German car producers, but sterling's devaluation would help offset this effect.

The fall in volume should to some extent be offset by the increased value added of products being fitted to new models.

The big increase came in the sealing systems division where operating profits rose from £13.8m to £23m on sales up 26 per cent at £223.9m.

Industrial products, which are also mainly directed towards the auto industry, rose sharply to £15.5m (£12.7m) on sales up 17 per cent at £178m.

Profits in the service industries division, however, fell from £10.1m to £7.8m on sales up slightly at £179.8m.

The US printing operations suffered a setback and the group had to reorganiseits plastics distributiondivision.

Following last year's rights issue, interest charges fell from £8.4m to £6.8m and gearing was about 10 per cent.

● COMMENT

On the face of it, Laird's markets look less than healthy. German car production could well be down 20 per cent this year. Even if the group is appearing on the "right" models, like the new Astra, VW and Peugeot, the group cannot avoid the effect of a slow down in car production elsewhere in Europe. What is more, Laird's US sales indicate that the market is not recovering as robustly as some have suggested. As a result, profits are likely to be flat at £36m this year, giving earnings of 18.3p, stripping out the £5m settlement proceeds from a 10-year old litigation. This puts the shares on a market rating of about 15 times. Laird is, however, one of the few motor component companies not to have recovery already factored into its share price. Should recovery not emerge on cue, the company's sound dividend and yield premium might yet look tempting for investors wanting exposure to motors.

Lydia van der Meer

John Gardiner: lower demand in continental Europe this year

Lord Boardman to head Heron

By Vanessa Houlder, Property Correspondent

HERON International, the property and trading group that is in the final stages of a £1.4bn financial restructuring, has appointed Lord Boardman as non-executive chairman.

Lord Boardman, a former chairman of National Westminster Bank – which is a member of Heron's five-bank creditors steering committee – will take up his post once the restructuring is complete.

The appointment of a new chairman to replace Mr Gerald Ronson, the company's founder, was heralded last October when the company announced its outline restructuring proposals.

Mr Ronson, who will remain as chief executive, said: "I have worked with Lord Boardman in the past and I am delighted that someone of his obvious stature and experience will be joining the board as chairman."

Heron said it would shortly be making an announcement to bondholders about its refinancing. "The restructuring process continues to proceed well," it said.

Final proposals on the restructuring, which involve the conversion of debt to equity, were sent to the company's bankers in February.

The company also plans to appoint two new non-executive directors, who are acceptable to the banks' steering committee and to bondholder representatives.

The two existing non-executive directors, Mr Tony Royle and Mrs Gail Ronson, will retire on completion of the restructuring.

Heron's restructuring talks originally began in March 1992, after a downturn in its property portfolio and losses in its trading operations eroded its assets to a deficit of some £225m at March 31 1992.

Manchester United scores 45% advance

By Jane Fuller

MANCHESTER United followed up a victory against football championship rivals Norwich City with the announcement yesterday of a 45 per cent increase in interim pre-tax profits.

Both sets of results helped push up the share price by a further 10p to 412p, a 46 per cent increase in the past six months and 27p ahead of the June 1991 flotation price.

With net spending on players reduced by nearly £2m to £285,000, pre-tax profits rose to £4.62m (£3.17m) in the six months to January 31. The purchase of Dion Dublin and Eric Cantona, for £1m each, was offset by the sale of Neil Webb, Mark Robins and Mal Donaghy.

Before transfer fees and interest income of £559,000 (£614,000), operating profit declined to £4.34m (£4.79m) on turnover of £13m (£12.4m). Mr Martin Edwards, chief executive, said the club had fared less well in cup competitions and played two fewer home games.

A breakdown of first-half sales showed a decline in gate receipts and ground advertising. The latter reflects the smaller television audiences for live Premier League football since its switch to BSkyB, the satellite broadcaster.

Television, shop and conference income all advanced.

Mr Edwards said building work on the Stretford End of the Old Trafford ground had reduced capacity to 33,000 for the first part of the season. This had been offset by price increases averaging 30 per cent.

Capacity had gone up to 37,000, yielding £600,000 per game. Next season it would be 45,000, adding at least 10 per cent to match income even though prices were being held. All 46 of the new stand's executive boxes had been sold for the 1993-94 season.

After paying about half the £10m cost of the stand, United still had £9.8m (£12.8m) cash in the bank.

Earnings per share rose to 25.8p (17.9p before switching funds from the transer fee reserve and 24p afterwards).

The interim dividend is held at 6p.

● COMMENT

With twice as many games in the first half as the second, the bulk of United's 1992-93 profits are already in the bag. But some tantalising variables remain. One is the league championship, worth £850,000 to the winner and guaranteeing lucrative European football next season. Ironically the bonuses due to champions would make it more immediately profitable to come second or third. On the debit side, the purchase of another star player could keep full-year pre-tax profits flat at about £5m. This gives a prospective p/e of about 14, a sign that United is at last being taken seriously by the market. It deserves it for strong cash management and the increasingly slick exploitation of its stadium and brand. If it wins the championship the price could rise further, even after a run that would have done Ryan Giggs proud.

Stagecoach gets £134m market value

By Peggy Hollinger

STAGECOACH, the Scottish-based company which operates bus services in the UK and Kenya, Malawi and New Zealand, is coming to the market via a placing and offer valuing the company at £134m.

Some 11.7m shares priced at 112p will be offered to the public and a further 21.8m will be placed with institutions. The company aims to raise some £20.6m to fund acquisitions.

The offer and placing have been fully underwritten by Noble Grossart.

Stagecoach, founded by a brother and sister team in 1980 to take advantage of the privatisation of Britain's bus services, forecast pre-tax profits at least 56 per cent ahead to £12.8m for the year ended April 30.

Earnings per shares are forecast to be not less than 7.8p for 1993. The company said the offer price represented a prospective p/e of 14.4.

The notional dividend of 3.8p for 1993 offered a yield of 4.2 per cent.

The allocation of the offer will be announced on April 20, and dealings are expected to commence on April 27.

Mr Brian Souter, chairman, and his sister Mrs Ann Gloag, managing director, will own 56 per cent of Stagecoach after flotation.

● COMMENT

The pricing of this issue has been finely tuned, leaving little chance of the stock opening to what some have called a "monster premium". The UK businesses, considered to be the gold in the Stagecoach carriage, appear to be on a market rating. Looking further out, investors might find difficulty with marketability, since the industry is relatively unknown to the City. There are also questions about the quality of the overseas businesses and the UK regulatory environment, with the government already muttering about some industry practices. On the other hand, Mr Souter and Mrs Gloag have proven themselves to be class managers and, more importantly, have a successful track record. There is much to go for, with some 30 per cent of the UK bus market left to be privatised. The issue is almost certain to receive enthusiastic support.

Millwall makes £3.2m rights to ensure stadium completion

MILLWALL Holdings, the USM-quoted football company, has launched a £3.2m rights issue to rescue its fortunes by ensuring the completion of a new stadium, writes Jane Fuller.

The 3-for-2 issue, at 2p a share, represents a fresh start for the loss-making club, which will become only one of the attractions at the new 20,000-seat arena.

The New London Stadium, which replaces The Den this summer, will be managed by Ogden Entertainment Services, one of the US's largest venue operators.

Mr Reg Burr, Millwall's chairman, said the issue proceeds would bridge a gap between the £11m already spent on the Senegal Fields development and the £4m needed to complete it. "Should the stadium not be completed, the group would face serious financial difficulties."

The bulk of the cash has come from selling The Den and in grants from Lewisham Council and the Football Trust, leaving the company without debt. It does, however, continue to lose money – £740,000 (£1.1m) in the six months to November 30 on sales of £1m. This was offset by £780,000 from player sales.

Millwall Holdings will change its name to New London Stadium to reflect the fact that the club's 25 games will make up only a third of the programme.

Mr Frank E Russo Jnr, vice president of international operations for Ogden Entertainment, said pop concerts, boxing, food festivals and religious events would also take place.

Plentiful food, drink and other shopping opportunities were planned to reverse the pattern of British sports stadia being "focused on the pitch instead of the customer. There should be value in going to the venue regardless of the event."

Ogden has also become involved with the new Manchester Victoria Station arena.

Millwall plans to restore the potential for dividend payments by a capital reduction exercise that will eliminate the deficit in its profit and loss account.

Its share price slipped from 5p to 3¾p yesterday.

The rights issue is underwritten by the brokers Townsley & Co.

David Brown share offer oversubscribed

The offer to the public of shares in David Brown Group, the Huddersfield gear manufacturer which is being floated with a market value of £90.3m, has been oversubscribed.

The level of subscription for the 7.7m shares at 170p and the basis of allocation will be announced today

About 23m shares have been successfully placed with institutional investors by BZW.

Dealings are expected to begin on April 15.

The company's biggest business is vehicle transmissions, supplying both the military and civil markets.

RJB Mining brings flotation forward

By Roland Rudd

RJB MINING, the Nottinghamshire-based coal mining group, has brought forward its floatation to May or June to take advantage of the impending privatisation of British Coal.

Mr Richard Budge, chief executive, said: "The planned flotation will help us expand the group's business at a time when there are significant opportunities for private mining companies to operate underground mines which BC will cease to run."

Before the government's recent white paper on coal, the company was expected to float at the end of 1993 or the beginning of next year. The white paper said BC must license to the private sector any pits it does not want.

The flotation is expected to capitalise the company at more than £100m. In the year to December 31 it increased operating profits from £14.2m to £16.4m on sales of £73.9m.

RJB has signed a five year contract to supply National Power and an interim agreement to supply PowerGen. Last year it produced 1.9m tonnes of coal, equivalent to about 10 per cent of UK opencast coal production.

Gartland and Whalley set up new company

By Catherine Milton

ENTREPRENEURS Mr Tony Gartland and Mr Jeffrey Whalley are part of a team which yesterday set up a new group by bringing together a coin handling equipment maker and an optical products manufacturer for £24m.

The move is the first of significance made by the previously high-profile pair in their latest vehicle, the Gartland and Whalley company.

Mr Gartland and Mr Whalley, as directors of the FKI engineering company, presided over its acquisition-led high growth rates in the 1980s, including the purchase of Babcock, the contracting company in 1987 – a deal which was undone some two years later.

Mr Gartland and Mr Whalley left executive employment with FKI in 1989. Mr Whalley remains FKI chairman.

The new company, which the backers hope to float within the next 12 months, acquired its main subsidiary, Coin Controls Group, for £20m cash. Mr Richard Williams, CCG chief executive is to be managing director.

The new group acquired the Slough-based Combined Optical Industries Ltd for more than £3m of equity. Gartland and Whalley bought COIL in 1990.

Total funding is made up of £10.5m senior debt supplied by Bank of Scotland. Gartland and Whalley contributed more than half of the £9.5m equity capital with Granville Development Capital making up the balance and Kleinwort Benson's European Mezzanine Fund contributing £4m.

Steering committee approves new figures for FT-SE indices

THE FT-SE Actuaries Share Indices Steering Committee yesterday approved the calculation of total return figures for the FT-SE 100, FT-SE Mid 250, FT-SE Actuaries 350, FT-SE SmallCap and FT-Actuaries All-Share indices.

Daily publication of these figures in the FT will start on July 1.

Extracts from the committee's announcement follow:

"The total return figures will be able to take account of both price performance and income received from dividends and will provide a way for investors to judge more accurately the return on their investments. The new figures will be calculated gross of tax and will assume that the dividend and tax credit are reinvested immediately on the ex-dividend date. The published ex-dividend data will also allow investors to calculate the figures net of tax.

"The figures will be calculated at the close of each trading day, and will be published in the Financial Times and on Topic.

"Donald Brydon, chairman of the committee, said: 'Investors, both professional and private, will now be able to compare the overall performance of their investments with a recognised standard for the first time. The performance of fund managers is measured in terms of total return on investment, rather than purely in terms of price movements in the market, and the new figures reflect this.'"

The method for calculating the total return indices was recommended by a working party set up by the Institute of Actuaries and the Faculty of Actuaries, chaired by Mr David Wilkie of R Watson & Son.

Midland Bank pay-offs

By John Gapper, Banking Correspondent

MIDLAND BANK paid £1.46m in severance to two directors who left last year, it was disclosed yesterday. Mr Gene Lockhart, head of group operations, received £735,658, and Mr George Loudon, chief executive of Midland Montagu, £720,000.

The severance payment of Mr Lockhart, who was the highest paid British banker before he left Midland last July following its acquisition by HSBC Holdings, included £265,873 as a contribution to a bank pension scheme.

Mr Lockhart was paid £398,128 in 1991, while Mr Loudon received between £420,000 and £425,000. Mr Lockhart returned to the US to become president of the First Manhattan Consulting Group after leaving Midland.

The bank, which made a pre-tax profit of £178m (£36m) for 1992, paid £2.2m to directors during the year against £2.5m in 1991 following the departures of Mr Lockhart and Mr Loudon.

Mr Brian Pearse, Midland's chief executive who joined the bank in the middle of 1991 from Barclays, was Midland's highest paid director, earning £342,393. Sir Peter Walters, Midland's chairman, was paid £200,000.

● The earnings of Mr Andrew Longhurst, chief executive of Cheltenham & Gloucester Building Society, fell to £280,936 last year against £306,041 the previous year. The society did not pay a performance bonus to its directors.

Pre-tax profits at C&G, the sixth biggest society, fell to £130.6m (£183.8m) in 1992.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aegis	fin	nil‡	-	3.1	1.375	5.85
Bletchley Motor	fin	4.4†	June 9	4.1	8.8	8.2
City Centre Rest	fin	1.12	June 3	1.01	1.57	1.46
Coats Viyella	fin	4.25♦	May 18	4	7.25	7
Epwin	fin	4.7	July 2	4.5	6.8†	6.6
FBD	fin	2.5♣	-	2	4.5	3.6
Frost	fin	2.2	July 2	0.667*	4.03*	0.667*
Headlam	fin	1.85	June 14	1.65	2.6	2.4
Independent News	fin	10♣	June 3	9	15.5	14
Inishtech	fin	6.05♣	July 30	5.5	6.05	5.5
Ipeco	fin	2.3	June 11	2.2	3.6	3.4
Manchester Utd	int	6	May 17	6	-	18
Metsec §	fin	nil	-	3.7	nil	6.4
Norish	fin	7♣	May 25	7	11.47	11.47
North Brit Can	fin	2.51	June 25	2.35	3.45	3.25
Tesco	fin	4.85	July 1	4.3	7.1	6.3
TIP Europe	int	0.4	May 14	0.64	-	1.4
Torday/Carlisle	fin	nil	-	3	nil	4.5
United Friendly	fin	9.6	May 20	8.1	14.5	12.3
Wilkes (James)	fin	0.25	-	5.25	3.5	10

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Equivalent after allowing for scrip issue. §USM stock. ♣Irish pence. ‡For 1992; No dividend proposed for current year. ♦Payment date brought forward; shareholders offered enhanced scrip alternative.

Losses mount as SHT tries to cut debt

SCOTTISH HERITABLE Trust, the mini-conglomerate, yesterday announced pre-tax losses, including exceptional items, of £5.03m for 1992.

This compares with a £792,000 pre-tax loss last time but does not include extraordinary charges of £14.9m (£1.85m). These included £9.3m in respect of goodwill attributable to businesses sold, where previously it had been written off to reserves at the time of acquisition.

The charges also includes provisions for losses made on the disposal since the start of 1993 of three companies and the write down of net assets of other group companies to their current market value.

The sale during 1992 of Standard Fireworks and hospital bed manufacturer Hoskins and non-consolidation in 1992 of turnover from Scottish Heritable Inc, contributed to a drop in turnover to £44.6m (£96.5m). There is no dividend.

The group's current level of debt is about £30m; its net assets are £4.7m. Mr Stuart Macdonald, chief executive, confirmed that gearing is currently about 600 per cent.

Mr Richard Hanwell, chairman, said that while the banks continued to support SHT they had made clear substantial additional reductions must be made in the near future. Two disposals, understood to be of US-based operations, are at an advanced stage of negotiation.

Mr Macdonald commented: "Our first objective has to be to get our debt down to an acceptable level and then see what is left."

Losses per share before extraordinary items were 14p (1.5p), and 55.6p (6.6p) including them.

Isosceles restructure

By Roland Rudd

MR DAVID Simons, chief executive of Isosceles, used the pressure of worried trade creditors to speed up the restructuring process.

If it had gone on much longer there was a risk that they might have refused to extend credit, knowing that Isosceles' debt standstill agreement runs out on May 28.

In the event Mr Simons believes the restructuring is as good as he could have got. Yet questions remain about Gateway's future performance.

The business plan forecasts that Gateway will record a £105m operating profit in the financial year to end-April, compared with a £187.4m profit in 1991-92. Profits are expected to fall again – by as much as £30m – before they recover.

Although the expected interest charge of between £40m and £45m will be easily met by operating profits, it remains a drain on resources.

Last year the like-for-like sales decline was 6 per cent steepening to 8 per cent in the past two months. The sales reductions in the core Gateway stores was in low double figures.

Mr Simons blamed the sales decline on "competitive attrition". He conceded it was "horrible" but remained confident that it would get better. "We have five years in which to prove ourselves."

But most analysts do not believe there will be any significant improvement in the short-term.

The 1992-93 figures will also bear interest charges, including rolled up interest, of £153m, and "kitchen sink" provisions covering restructuring, property write-downs, fees for the refinancing and other items, taking the pre-tax loss to £335m.

In response to the problems Mr Simons has reordered the investment priorities within the company.

Most attention will focus on the 500 core Gateway stores. The Food Giant discount superstore chain will be doubled to about 40 stores, while the expansion of the Somerfield chain has been put on temporary hold.

Mr Simons priority is to ensure the shops are properly stocked and pricing becomes more competitive. A rolling refurbishment programme of the main chain of stores is also underway.

He plans to merge most of the different business units within Gateway's head office in Bristol to make a more efficient organisation.

Even if the business plan proceeds as smoothly and efficiently as Mr Simons hopes, a possible flotation of the stores in three to five years in unlikely to raise more than £500m, although the company says it has no price in mind.

Reorganisation and disposal costs put Aegis £1.9m in red

By Gary Mead, Marketing Correspondent

AEGIS, the London-based holding company of Europe's largest media-buying and planning group, yesterday reported 1992 pre-tax losses of £1.9m, compared with restated profits of £54.4m.

The group's figures – which were produced under FRS 3 – were badly hit by £22m losses through reorganisation, and another £22m cost on the sale of discontinued activities.

Turnover increased 35 per cent to £2.84bn (£2.1bn). No final dividend will be paid, making 1.375p for the year (5.85p). No dividends on ordinary shares will be paid in 1993. Losses per share were 19.9p, compared with earnings of 20.4p.

Net average debt was up from £35m to £68m at the end of the year.

Excluding interest, operating expenses in 1992 were £138.6m, or 4.9 per cent of turnover, against £120.2m (restated under FRS 3), or 5.7 per cent of turnover in 1991.

Aegis plans to reduce operating expenses this year to 1991's figure.

Operating margins were down at 6.7 per cent (8.5 per cent). Staff levels are due to fall again in 1993, from 1,850 to 1,660, and it is planned to further consolidate the group's offices, reducing them from 59 to 46 across Europe.

In June 1992 problems surfaced concerning Aegis' financial stability. Mr Peter Scott, its chairman, left and Sir Frank Law took over. Sir Frank said yesterday that while the reorganisation costs were high, financial control had been restored to the company and that no further sizeable restructurings were planned.

Mr Charles Hochman, chief executive, said he believed the group had two distinct advantages over competitors, an established "qualitative system" to assist advertisers buy media space more efficiently, and a genuine pan-European network.

Analysts are forecasting pre-tax profits of between £25m-£28m for 1993.

● COMMENT

While new managerial controls have been put in place at Aegis, there are considerable uncertainties in its largest market, France, following the passage of the Loi Sapin Bill on March 31. In 1992 France was again Aegis' largest market by far, accounting for £791.8m of group turnover. But the Loi Sapin, aimed at bringing greater transparency to the French media-buying business, is likely to erode media-buying revenues by anything between 10 per cent and 40 per cent. The extent to which Aegis will suffer is as yet a matter of speculation. While analysts are forecasting a return to pre-tax profits in 1993, operating margins may shrink to just 2 per cent. However, 9 months ago it appeared that Aegis' acquisition-driven growth of the 1980s might result in the collapse of the company. That is no longer an immediate prospect.

Torday & Carlisle £13m in red and passes dividend

By Chris Tighe

TORDAY & CARLISLE, the Newcastle-based engineer, yesterday announced a pre-tax loss of £13.3m for 1992 and passed its final dividend for the first time in a decade.

The result, which compared with profits of £25,000, was heavily influenced by exceptional items relating mainly to Oldham Signs, for which the group failed to find a buyer last year.

A provision of £8.21m for goodwill previously set off against reserves on the acquisition five years ago of Oldham was transferred to the profit and loss account, following reassessment of its underlying value.

The group stressed the transfer had no effect on shareholders' funds or group borrowings.

An exceptional charge of £3.47m for reorganisation costs included £2.6m for the restructuring, completed in late December, of the sign subsidiary.

Operating losses were £679,000 (profits of £1.44m) on turnover of £38.9m (£42.8m). Year end gearing rose to 109 per cent. Bank borrowing facilities have been agreed for 1993.

Shareholders' approval is to be sought "as soon as appropriate" for a reorganisation of parent company reserves, said to be necessary before a return to the dividend list.

Mr Paul Torday, chief executive, described 1992 as a "grim" year for the group and said it had decided it would be prudent to "take the hit" this year rather than be faced with write-offs should it sell Oldham in the future.

DMI, the engine repair business, made an operating profit of £1.1m (£2.2m); Elfab Hughes, which makes pressure relief and safety equipment, raised operating profits to £775,000 (£718,000).

Oldham Signs incurred an operating loss of £1.9m (£772,000); the operating loss on central costs was £679,000 (£661,000). The 1991 figures were restated to include central costs.

Mr Torday said he expected DMI and Elfab Hughes to trade profitably this year; the objective for Oldham, which is now exceeding sales targets, is to break even.

The final is passed (3p) leaving no distribution (4.5p) for the year. Losses per share were 81.8p (4.58p), or 30.8p (4.58p) before the goodwill provision.

Burmah to pay $48m for ICI lubricants offshoot

By Andrew Bolger

BURMAH CASTROL, the lubricants, chemicals and fuels group, has agreed to pay $48.3m (£31.7m) for Tribol, an ICI subsidiary which makes and markets industrial lubricants internationally.

Tribol, which employs about 300 people, has manufacturing plants in the US and Germany. It also has wholly owned operations in Canada, Chile, France, Italy, Mexico and Spain, as well as distributors in 50 other countries.

Burmah is funding the acquisition through a placing by Schroders of 4.5m new shares with institutions at 705p. Burmah's shares closed 16p lower at 732p.

Burmah said the acquisition was not expected to dilute earnings and would complement the group's existing activities in industrial lubricants. It would fit particularly well with Optimpol, the German speciality grease and lubricants manufacturer it bought in 1990.

Tribol was acquired by ICI in 1985 as part of the Beatrice Chemical purchase.

It is being sold by Zeneca, ICI's bioscience arm, which is about to be demerged. ICI said: "While Tribol is a strong business with a good reputation, it was not a strategic business for Zeneca Specialities and should have greater opportunity to flourish within Burmah Castrol."

Tribol had sales of $53m last year and made pre-tax profits of $3.7m, which were depressed by exceptional restructuring costs of about $1.3m. It had net assets of $21m at the year-end.

Burmah said Tribol focused on products for arduous conditions in niche markets. Its main industries were in the mining, automotive, steel, cement and paper sectors. Its principal products were speciality greases, open-gear lubricants, gear oils, and chain and wire lubricants.

The industrial speciality lubricants market is worth an estimated $1bn and is highly fragmented. Burmah said competitors tended to be only regional or nationally oriented, and the acquisition of Tribol would make the group a world leader in this sector.

Expanded Frost jumps to £5.75m

By Richard Gourlay

FROST GROUP, the independent petrol retailer that floated free of the Norfolk House receivership in 1991, yesterday reported a 78 per cent increase in earnings per share after a year in which it dramatically increased the number of new sites.

Pre-tax profits rose from £2.5m to £5.75m on sales up 50 per cent at £124m. Reported earnings per share before the February 1993 scrip issue rose from 13.4p to 23.8p.

The group added 57 new sites during the year, bringing the total to 143.

Mr James Frost, chairman, said low gearing would allow the group to continue to make acquisitions. "1994 should either bring more sites at reasonable prices or a recovery in margins as new sites become more mature, or both," he said.

He warned, however, that recession was not yet over and that margins would remain under pressure. He anticipated that the forecourt shop would in future replace the "familiar corner shop". The group would therefore place more emphasis on its shop facilities.

The final dividend is 2.2p, making a total of 4.03p after adjusting for the scrip, compared with 0.667p for the two months of the previous year that the group was quoted.

After the scrip, earnings rose from 4.4p to 7.9p.

Ipeco suffers from lower interest rates

IPECO HOLDINGS, the Southend-on-Sea aerospace and defence equipment group, showed little overall change in 1992, with pre-tax profits of £3.3m, against £3.38m.

Sales rose from £18m to £19.9m and operating profit from £2.92m to £3.06m, but that was counterbalanced by a reduction from £458,000 to £234,000 in treasury operations as interest rates fell.

Earnings per share dipped to 7.72p (8.18p). Having regard to the continuing strength of the operating profit and ungeared balance sheet, the dividend is stepped up from 3.4p to 3.6p, the final being 2.3p.

On the future Mr Christopher Johnson, chairman, believed the main part of order rescheduling activity by large airframe makers had been completed, and the group could have some "reasonable confidence" in the delivery projections of the core aerospace equipment business.

There was evidence of increasing customer demand in the defence and aircraft maintenance and refurbishment activities, he said.

See People

Provisions of £7.9m leave Wilkes with £6.4m loss

By Don Farrell

EXCEPTIONAL and extraordinary provisions at James Wilkes finally totalled £7.9m for 1992 and pushed the group into a net attributable loss of £6.41m, compared to a profit of £950,000 in 1991.

Mr Arthur Watt, chairman, said the year was turbulent and marked by the successful defence against the bid from Petrocon, significant alterations to group structure, and board changes.

He believed that group was now well focused and in good shape to take full advantage of an upturn in trading conditions. "We have an impressive portfolio of specialist engineering businesses and a group which is structured for growth", he added.

With 50 per cent of current turnover exported, the recent depreciation of sterling should result in increased turnover and improved margins, particularly at Floform and at Stubs. Central overheads were running at some £2m per year lower than a year ago.

To illustrate the new structure, pro forma figures for the ongoing businesses showed turnover of £41.3m producing a pre-tax profit of £2.17m, with earnings per share at 7.8p.

Mr Watt also announced that Mr Doug Rogers, chairman of Newman Tonks and of Savage, had agreed to become chairman of Wilkes from April 16. That fulfils the undertaking given that the roles of chairman and chief executive would be separated. Mr Philip Gothard, company secretary, will join the board as finance director.

As a reflection of the assessment of prospects for continuing operations and the wish to reduce borrowings further, the dividend is cut from 10p to 3.5p. The proposed final is reduced from 5.25p to 0.25p. Losses per share were 7.2p (earnings of 4.6p).

Turnover came to £49m (£54.3m) and operating profit to £4.28m (£7.97m). There was a pre-tax loss of £1.58m (profit £1.89m) after exceptionals of £2.67m (£2.76m).

Main constituents of the exceptionals were compensation for loss of office £1.08m, reorganisation, set-up and aborted acquisition costs £751,000, and bad debts and related stock write off £464,000.

The extraordinaries, taken below the line, were £5.23m and comprised surplus on sale of promotional products division £4.75m, write back of goodwill £7.6m, loss on disposal of aviation division £728,000, write back of goodwill £163,000, and bid defence costs £1.47m.

Independent Newspapers doubles to I£16m

By Nathalie Lemoine

INDEPENDENT Newspapers, the Irish publishing group, yesterday announced pre-tax profits doubled from I£7.97m to I£16m for the year to December 25.

The outcome was struck after exceptional items of I£1.23m (I£3.37m) related to continuing rationalisation costs.

Turnover increased to I£169.9m (I£155.8m); operating profit jumped 45 per cent to I£23.4m (I£16.2m).

Higher advertising volumes increased the group's market share in Ireland as growth in circulation revenues also improved profitability of domestic newspaper operations.

In the UK, the publishing side incurred a small loss but was now showing signs of improvement, said Mr Liam Healy, chief executive.

The results included a maiden six month contribution of I£3.1m from Australian Provincial Newspapers, where the group increased its indirect interest to 20 per cent last July.

Net interest charges rose from I£2.53m to I£3.08m. The group said it will shortly be relieved from bond servicing costs which amounted to I£1.8m in 1992.

A final dividend of 10p makes 15.5p (14p) for the year. Fully diluted earnings per share increased 64 per cent to 32.67p (19.93p).

A 2-for-3 scrip issue is also proposed.

City Centre shows 24% growth

By Catherine Milton

PIZZA gluttons piled on the pounds at City Centre Restaurants which yesterday announced a 24 per cent rise in pre-tax profits from £9.1m to £11.3m for the year to December 31.

Mr Bruce Johnston, chairman of the company, which owns the Deep Pan Pizza and Garfunkels chains, said covers rose to 13.5m - a 9.4 per cent increase, partly because of the October 1991 introduction of cheap all-you-can-eat pizza and pasta buffets.

Turnover increased by more than 12 per cent to £89.6m (£79.8m).

The pre-tax figure was helped by improved interest receivable of £574,000 (£62,000). This reflected cash resources of £11m with no borrowings amassed as a result of a reduced programme of just six new outlets last year.

There was also a reduced loss on property disposals of £21,000 (£190,000).

A £296,000 (£60,000) extraordinary charge related to the disposal of a stake in Cullens, the up-market grocer. Cullens had been meant as an outlet for the Belhaven brewery, which the group sold in 1988.

The charge will next year be deducted from the £11.3m pre-tax figure. The new FRS 3 accounting standard which virtually bans extraordinary items means this year's figures will have to be re-stated for comparison in next year's results.

The directors are recommending a final dividend of 1.12p (1.01p) which makes a total for the year of 1.57p (1.46p). The dividend is payable from increased earnings per share of 4.14p against 3.79p.

NEWS DIGEST

Bletchley Motor 63% ahead

BLETCHLEY MOTOR lifted turnover 17 per cent and saw a surge in pre-tax profit of 63 per cent in 1992.

Turnover rose from £60.2m to £70.4m and profit worked through to £1.23m (£753,000). With earnings per share at 19.6p (15.3p) the dividend is raised from 8.2p to 8.8p, with a final of 4.4p.

Commenting on the current year Mr David Dunn, chairman, said the performance in the first quarter had continued on from 1992, with profitability ahead of budget.

The group operates nine franchises, including Ford, Rover, Vauxhall, Honda and Peugeot, from 12 dealerships.

Mr Dunn said the contract hire division continued to grow and there was a recovery in fleet sales. In the private sector an increase in sales volume of nearly new vehicles more than compensated for the reduction in new sales.

After sales service also performed well, particularly the body repair centre.

Coats offers higher share alternative

Coats Viyella is offering an enhanced share dividend alternative, enabling shareholders to receive new shares with a value 50 per cent higher than the cash dividend. Previously the share value had been equal to the level of the dividend.

As a result, the value of the revised share alternative will be 6.375p, compared with the final cash dividend of 4.25p announced last month.

To provide shareholders with an assured cash return from the enhanced dividend, Barclays de Zoete Wedd Securities will make a separate cash offer at a value equivalent to 6.05p to purchase the new shares arising under the scheme.

See Lex

P&O sells retail park for £9.3m

P&O Properties has sold a retail park in Aberdeen to Legal & General Property, the life fund, for £9.3m.

The 133,754 sq ft Kittybrewster Retail Park, built in 1990, is let to retailers including Halfords, Dixons, Comet and Great Mills. The net initial purchasing yield is 9.94 per cent, while the equivalent yield is 10.6 per cent.

Legal & General said the deal was in line with its policy of increasing the retail warehousing element of its life fund.

Sycamore rights issue to raise £1.5m

Sycamore Holdings, which makes wooden and metal furniture and associated items, plans to raise £1.5m through a 2-for-5 rights issue at 5p.

The issue, of up to 37.08m new shares, is underwritten by SG Warburg Securities. Royal Bank of Scotland has agreed to provide a new facility of £8m once dealings in the new shares begin and pending receipt of the issue proceeds.

Conditional on the new shares being admitted to the Official List, Mr Andrew Johnson, formerly chief executive of Charringtons Fuels, will become chief executive. He will take over from Mr Peter Hopkins, who will remain on the board.

Aran Energy improves to I£2.61m

Aran Energy, the Dublin-based oil and gas exploration company, reported a pre-tax profit of I£2.61m for the year to end-December, against losses of I£379,000.

The outcome was achieved on sales up I£15.1m to I£45.1m. Earnings per share came out at 1p (0.14p losses).

Aran said the results reflected the benefits during the second half of the acquisition of the interest in the Dunlin oilfield and increased profits from the Celtic Sea royalty and from oil marketing and distribution.

In addition 1992 also saw completion of a $197.5m (£139m) loan facility which, Aran said, would provide funding for the Alba and Gryphon projects.

North British Canadian assets up

North British Canadian Investment saw net asset value edge ahead from 112.3p to 118p per share over the 12 months to February 28.

The investment trust reported attributable revenue of £954,348, up from £914,829 last time, for earnings of 3.53p (3.39p) per share.

A proposed final dividend of 2.51p brings the total for the year to 3.45p (3.25p).

IBC continues its recovery with £0.8m

International Business Communications (Holdings), the publishing, conference and training group, built on its return to the black in the first half to report profits before tax of £752,000 for the full 12 months to end-December.

The turnround from losses of £4.5m for 1991 reflected the substantial reorganisation completed during the year. Remaining businesses improved their efficiency and profitability, according to Sir Roy Watts, chairman.

Turnover totalled £55.4m (£50m), including £2.49m from discontinued operations. Earnings per share of 0.53p compared with losses of 2.9p.

IBC repaid £1.4m of its senior debt during the year; some £6.5m of the zero coupon loan 1996 was converted into a loan repayable in 2030.

Improved margins at Norish

A cost reduction programme and lower net interest charges helped Norish, the Co Monaghan-based food storage and services group, improve margins and record a modest increase in annual profits.

On turnover down from I£13.6m to I£10.6m, reflecting the disposal of certain distribution interests, pre-tax profits for the 1992 year totalled I£2.32m (I£2.2m). Net interest was I£577,000 (I£651,000).

Earnings per share emerged at 20.7p (17.1p) and a same-again final dividend of 7p maintains the total at 11.47p.

Acquisition gives lift to Inishtech

Inishtech, the Irish hygiene products, printing and packaging group, lifted profits from I£7.09m to I£7.28m pre-tax over the 12 months to December 31.

Directors described the outcome as "very satisfactory" and said all seven operating companies made a positive contribution.

Sales jumped 31 per cent to I£52.7m, including a contribution from Douthwaites Florists Sundries, acquired in May; excluding the purchase, sales rose 9 per cent and operating profits dipped 10 per cent.

Net borrowings at the year-end were I£7.3m giving gearing of 16 per cent.

Fully diluted earnings per share were 37p (36.4p); the single distribution for the year is raised to 6.05p (5.5p).

James Crean, the industrial holding company, controls 69.35 per cent of the capital.

Thompson Clive net asset value ahead

Over the 1992 year fully diluted net asset value at Thompson Clive Investments rose more than 14 per cent, from 165p to 188.6p.

By March 31 it had further increased to 196p, after the flotation of Holliday Chemical Holdings in which Thompson Clive has a holding valued at £2.4m.

Net revenue was £451,000 (£539,000) for earnings per share of 3.5p (4.2p). The dividend is held at 3.8p.

Platon decides to recommend Wills bid

Platon International, the USM-quoted instrumentation group, has decided to recommend the £2.9m bid from Wills Group after the industrial, electronic and automotive products company agreed to introduce a cash alternative.

The alternative is 25p per share, which compares with Wills' offer of five shares for every four Platon, valuing the latter at 27.9p per share.

The offer has been declared final in the absence of a competitive situation. The company already owns or has announced valid acceptances in respect of 1.8m shares (16.91 per cent) and after taking into account anticipated acceptances will control 40.32 per cent.

If the offer is declared unconditional, Mr Robin Bromley-Martin, Platon's chief executive and Mr Jean Claude André, managing director of its French operations, will be invited to join the Wills board.

Ethical completes $15m ADS offer

Ethical Holdings, the Huntingdon-based pharmaceutical group, has completed its offer of 2.5m American Depositary Shares on Nasdaq at $6 apiece, raising a total of $15m (£10.5m).

Adwest pays £2.13m for switchgear group

Adwest Group, the Reading-based engineer, has acquired Spectar Group, a specialist electrical switchgear manufacturer, for £2.13m cash.

Based in Worcestershire, Spectar has annual turnover of about £6m. Its customers include British Telecommunications.

Buckingham bid goes unconditional

Purlieus, a Jersey-based company controlled by Jemma Trust and Naaz Holdings, holds or has valid acceptances for 64.1m ordinary shares in Buckingham International, representing 53.1 per cent of the ordinary capital of the hotels and nursing homes group.

The offer has been declared unconditional in all respects and, along with the loan stock offer, for which no acceptances have been received, has been extended to next Tuesday.

Copper at lowest point since 1988

By Kenneth Gooding, Mining Correspondent

COPPER, THE one London Metal Exchange-traded metal to have remained buoyant despite recession in most of the world's industrialised countries, came under severe selling pressure yesterday and the price in US dollar terms dropped to its lowest point since June, 1988.

The price of copper for delivery in three months dropped by $52 a tonne to close in London at $2,090, some $300 below the $2,400 peak it reached earlier this year.

Mr William Adams, analyst at Rudolf Wolff, part of the Noranda natural resources group, said there was a substantial volume of selling from the Far East and by China yesterday which forced the copper price down through the psychologically-important $2,100 a tonne level.

"However, with the US economic recovery still looking strong, it is difficult to get too bearish," he added. Mr Adams pointed out that LME option declarations are due today so "the markets are expected to be volatile."

Mr Neil Buxton, analyst at Metal Bulletin Research, said copper "has been defying economic gravity since the recession started and has the greatest potential of all the metals to fall."

LME WAREHOUSE STOCKS (As at Monday's close) tonnes		
Aluminium	+18,100	to 1,754,425
Copper	+3,675	to 365,800
Lead	-450	to 246,025
Nickel	-438	to 88,050
Zinc	+1,475	to 602,650
Tin	-475	to 19,645

He pointed out that every time the price seemed likely to fall some interruption to supply or Chinese buying came to the rescue.

"Will it be rescued again? It appears unlikely. Stocks are rising, there are no supply problems. We could see quite a sharp fall in price."

However, Mr Buxton said that as long as the price did not fall below 90 cents a lb, compared with 95 cents last night, the copper industry would go on making profits.

Copper is still quoted in sterling on the LME and three-month metal fell by another £14.75 a tonne yesterday to close at £1,400.75. In first two days this week the price has fallen by £35.25 a tonne, or by nearly 2.5 per cent.

RTZ in Burundi nickel deal

By Kenneth Gooding, Mining Correspondent

RTZ, THE world's biggest mining company, might join the world's select few nickel miners via a long-term agreement signed in London yesterday with the Central African Republic of Burundi.

The agreement gives RTZ exploration and potential development rights to half of Burundi's prospective nickel belt which is 300km long and 40km wide in places.

This is the first agreement signed by the government of Burundi with a big mining company. However, Burundi is also having talks with Broken Hill Proprietary, Australia's biggest natural resources group, about a potential exploration deal covering the other half of the nickel belt.

At present RTZ's only nickel interest is the Empress refinery in Zimbabwe which toll refines about 6,000 tonnes a year of the metal for BCL, Botswana. An RTZ official pointed out that its exploration policy excluded no commodity but the group was interested only in world-class deposits. The deal with Burundi followed an RTZ review of the mining potential in African countries, carried out since 1990.

Most of the potential resources are nickel but Burundi also has deposits of gold, phosphate and industrial minerals such as kaolin and cement raw materials.

Change in Russian diamond trade urged

By Leyla Boulton in Moscow

RUSSIA would make more from the diamond trade if it abandoned its right to sell 5 per cent of its production and put everything through De Beers' Central Selling Organisation (CSO), according to a senior Russian diamond industry executive.

Mr Sergei Ulin, a director of Almazy-Rossii Sakha (ARS), the state-dominated company which produces and markets Russian diamonds, believes "it's quite evident that changes are required". In the past he has defended Russia's 1990 agreement with De Beers under which 95 per cent of rough diamond exports must go through the CSO.

"The world is very different from when we signed the agreement, and we are different too," Mr Ulin said. He now believes that the separate sale of 5 per cent – agreed so that Russia had a means of checking the price it was paid by De Beers – is undermining the CSO's "one-channel" system which aims to keep prices as high as possible.

Some parliamentarians and the State Committee for Precious Stones and Metals have on the contrary complained that 5 per cent is too little and that the sales are only allowed in Moscow.

"I don't believe that 5, 10, or 15 per cent, whether it is sold in Moscow or anywhere else, will give us the information which we would like to have," Mr Ulin said. It would be better for Russian representatives to attend De Beers' diamond sales or "sights" in London as did some other producers to ensure fair play.

He also clarified ARS's plans to overhaul, along market lines, the system whereby rough stones are sold to Russian-based diamond cutters. This will consist of holding sights for cutters, forcing them to buy a full range of stones, including difficult ones they are not used to cutting.

Whisper of privatisation in the trees

James Buxton on the varied reactions to a review of the future of forestry in Britain

"NOTHING BUT good can come of it." That was the reaction of a senior figure in the forestry industry to last week's news that the government has set up an inter-departmental committee to review the future of forestry in Britain.

The committee, chaired by the Scottish Office but including civil servants from other ministries including the Treasury, is looking both at the future ownership of the Forestry Commission's woodlands, and at the effectiveness of government incentives for tree planting.

Many in British forestry think the government now has a chance to give the industry a new structure, by both privatising the Forestry Commission's 900,000 hectares of woodland and improving the incentives for tree planting. But the Labour party and conservation groups fear privatisation would mean less access to woods for the public, and would weaken the drive for "sensitive forestry".

In British forestry 1988 was a watershed year. In the budget Mr Nigel Lawson, the chancellor, announced the abolition of tax incentives for tree planting and their replacement with greatly enhanced grants. People in forestry now admit that the old system had brought forestry into disrepute, with the planting of trees on the environmentally sensitive Flow country of Caithness in Scotland as a tax shelter for the wealthy being a final excess.

But since then the rate of tree planting has fallen from its all-time peak of 29,000 ha in the year to March 1988 to 17,300 ha in 1992 (the government's target of 33,000 ha a year has never been attained).

As before, most trees are planted by private landowners, with the Forestry Commission planting only 3,000 ha in 1992. A greater proportion of newly planted trees, especially in England, are broad-leaved rather than conifers.

The forestry and timber industries would like to see more trees planted. Mr Peter Johnson, chairman of Tilhill Economic Forestry, a Booker subsidiary, says: "Forestry is a wonderful industry. Trees grow twice as fast here than in most of the countries we import from. Our processing industry is state of the art. But we are being held back."

He would like to see changes in the tax regulations to encourage individual savers to invest in forestry, by granting forestry unit trusts the same tax treatment as forestry owners enjoy. "Productive timber is currently owned by fewer than 5,000 individuals in Britain. Yet 200,000 people make voluntary contributions for tree planting to the Woodland Trust. We need to create a vehicle through which they can make a return."

Mr Robert Rickman, a forestry specialist who is a director of Forestry Investment Management, a consultancy, says forestry now has a chance to "shake off the stigmas of the past. It could be a successful industry but we cannot benefit from it because we don't have the right structure."

He is a strong advocate of privatising the Forestry Commission's woods. The commission split itself into two in 1992, with the Forestry Authority regulating planting and handing out grants, and the Forestry Enterprise running the commission's forests.

Privatisation, he and others believe, would generate efficiencies and free the Forestry Enterprise from stultifying Treasury constraints. He now thinks privatisation would best be achieved by breaking up the estate and selling it in large geographically defined chunks, which would mostly be acquired by financial institutions, landowners and timber users.

Mr Rickman believes the Forestry Enterprise might be worth £1.5bn on the basis of the real rate of return which he thinks it capable.

Woods with high amenity value would be separated out and handed over to conservation bodies or local authorities.

Although the Ramblers Association last week was quick to voice its disapproval of privatisation, on the grounds that it threatened people's "freedom to roam", Mr Rickman says: "Public access on foot causes forestry owners no problems at all. The only problems might occur where the local gentry go shooting."

The Forestry Commission, based in Edinburgh and digesting its latest change of structure, is watching events with foreboding, but is unable to comment. It is aware that stripped of its woods, it would be a slender organisation. Mr Robin Cutler, its chief executive, was formally head of forestry in New Zealand where commercial woods were privatised. He is said to have found it an unhappy experience.

Race under way to raise rice harvest by 60%

Victor Mallet looks at an organisation dedicated to increasing global production

TO THE uninitiated, it sounds like an impossible task: in the next three decades the annual global rice harvest must rise by 60 per cent to about 760m tonnes to feed the world's fast-growing population.

This surge in production, furthermore, will probably have to be achieved without increasing the land area presently under rice. There is little room for expansion in Asia – where most of the world's inhabitants and most rice-eaters live – and in some countries urban sprawl has actually reduced rice acreages. Since 1980, the total area cultivated for rice has remained steady at about 146m hectares.

Yet the scientists at the $30m-a-year International Rice Research Institute (IRRI) in Los Banos, south of the Philippine capital Manila, are confident that they can lead a successful campaign to increase rice yields by the amount required to stave off global starvation for another 30 years.

They have done it once; six years after the IRRI was founded in 1960, they contributed to the "green revolution" by releasing a "miracle" rice variety called IR8 which doubled and tripled yields and helped to avert famines predicted for the 1970s – and they think they can do it again.

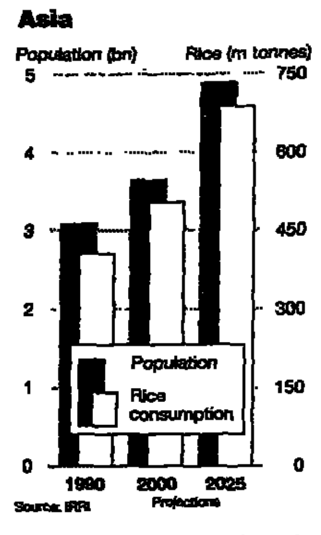
Mr Gurdev Khush, an IRRI veteran with 25 years service at the institute, who heads the plant breeding, genetics and biochemistry division, says the first step is to make further improvements to the "architecture" of the rice plant.

By cross-breeding stiff-strawed, dwarf varieties with larger plants that respond well to fertiliser but tend to collapse under the weight of their own grain, scientists have already succeeded in reducing the proportion of straw to grain in the plant to 50:50 from 70:30, and he believes that they will be able to increase the grain's share of the plant's weight to 60 per cent.

The IRRI also plans to help increase the total rice harvest by shifting some of its attention from high-yielding, irrigated rice where most advances have been made to date and concentrating on raising yields in rain-fed areas and marginal zones affected by such constraints as salinity and deep water.

According to IRRI officials, it should be possible to raise yields for deep water rice to about 3.5 tonnes per hectare from about one tonne now, and to double yields for upland rice to 2.5 tonnes. By comparison, typical maximum yields for irrigated rice are about seven tonnes in the wet season and 10 tonnes in the dry season. IRRI wants to raise the maximum to 15 tonnes by 2010.

The institute has made great strides in breeding rice varieties that are resistant to salinity, insect pests and other adverse conditions. But the organisation is finding it harder to further increase maximum yields because genetic and other factors that determine yield are highly complex.



One way of raising yields is to use first-generation hybrids (Mr Khush says this can increase yield by another 25 per cent) rather than varieties selectively bred by the IRRI through six or seven generations. The hybrid method has been successfully adopted by China, but the problem is that farmers have to buy new seeds each time they plant the crop, because subsequent generations lose the yield advantage.

Genetic engineering may provide a solution. Mr Khush is hoping that it will be possible to put an "apomixis" gene (such as the one found in millet) into rice, which would allow the hybrids to reproduce asexually and therefore maintain their high yield. "It's a frontier project," he says. "We don't have any apomixis genes in rice as yet."

Rice might benefit in other ways from the young science of genetic engineering. Mr John Bennett, IRRI's senior molecular biologist, is interested in introducing genes from barley which instruct the plant to produce fungus-resistant proteins.

"The reason for the emphasis at the moment on this sort of approach – resistance to biotic stresses – is that we know how to do it," says Mr Bennett. "The problem with yield is that we have only a very rudimentary understanding of what controls yield."

The institute does not confine itself to technology. Mr Mahabub Hossain, the agricultural economist who heads IRRI's social sciences division, warned recently that falling unit prices for rice paid to Asian farmers and higher labour costs could threaten the growth of rice production.

"It is time to ask whether Asian countries will be able to meet the future demand for rice of their still rapidly growing populations, given present prices and current technology," he said. "The easy gains from modern rice technology have already been achieved, particularly in irrigated rice."

China, the world's largest rice producer and consumer, has already adopted modern technology, irrigated much of its rice and is producing high yields. "They have done a fantastic job," says Mr Keith Ingram, an IRRI agronomist. "There is not much room for improvement."

IRRI scientists nevertheless believe they can increase yields sufficiently to meet projected Asian demand in the year 2020, although they admit there will be environmental costs and other pitfalls as farmers move into marginal areas.

They have noticed that paddy fields subjected to three crops a year with no time to lie fallow have started to produce less for a given amount of fertiliser, possibly because of mineral deficiencies. "We don't understand this phenomenon," says Mr Khush. "We are mining these soils."

Only about 3 per cent of world rice production is currently traded internationally, but the idea of growing rice in the (relatively) uncrowded countries of Latin America or Africa and shipping it in vast quantities to Asia is already being mooted.

IRRI scientists think they can hold the line for another three decades by helping to increase yields. But they say that the next stage after 2020, if the world population keeps growing rapidly, will be much more difficult.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,640-1,700 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.30-2.50 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.35-0.45 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 15.00-15.50 (15.50-16.00).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 120-140 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.20-2.25 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.70-5.40 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 31-43 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.55-1.65 (same).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 7.45 (7.60).

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD traded most of the day in a very narrow range on the London bullion market, apparently expecting a lead from Comex. But New York opened weaker before some commission house buying held it at the $340 a troy ounce support point in early trading. One trader noted that the market was particularly nervous after several weeks of inactivity – "as soon as there is a move, everybody tries to cover." London gold, silver and platinum prices ended slightly lower. OIL markets were also nervous after Kuwait said it would produce more than its quota if other Opec countries continued to do so. The postponement of weekly API stocks data until today helped to rob the market of direction. On the LME copper's fall put NICKEL, ZINC and ALUMINIUM under pressure. Three-month aluminium fell to a 16-month lows of $1,126 a tonne, the 18,100-tonne rise in LME stocks underlining fundamental oversupply. Zinc's decline was cushioned by the recent production cuts in Mexico and Canada. London robusta COFFEE turned morning losses into gains as New York seemed content to head higher despite no fresh news.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(May)		+ or -
Dubai	$16.40-6.42u	-.155
Brent Blend (dated)	$18.63-8.65	-.215
Brent Blend (May)	$18.85-8.87u	-.195
W.T.I. (1 pm est)	$20.34-0.36u	-0.20
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$207-209	-2
Gas Oil	$179-180	-2.5
Heavy Fuel Oil	$78-79	-0.5
Naphtha	$174-176	-0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$338.15	-1.0
Silver (per troy oz)♣	389.0c	-1.5
Platinum (per troy oz)	$382.25	-1.5
Palladium (per troy oz)	$114.50	-0.25
Copper (US Producer)	100.5c	-0.5
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	14.36r	
Tin (New York)	261.0c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	135.18p	+3.30*
Sheep (live weight)†♠	130.85p	-0.99*
Pigs (live weight)†	90.54p	+1.23*
London daily sugar (raw)	$295.5	-3.3
London daily sugar (white)	$294.0	-2
Tate and Lyle export price	£307.5	-1.5
Barley (English feed)	£144.5u	
Maize (US No. 3 yellow)	£171.0	
Wheat (US Dark Northern)	Unq	
Rubber (May)♥	60.50p	
Rubber (Jun)♥	61.00p	
Rubber (KL RSS No 1 Apr)	215.5m	
Coconut oil (Philippines)§	$390.0y	+2.5
Palm Oil (Malaysian)§	$412.5	+2.5
Copra (Philippines)§	$265	
Soyabeans (US)	£177z	-1
Cotton "A" index	61.50c	+1
Wooltops (64s Super)	357p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-May/Jun u-May. x-Apr. z-Apr/May ♥London physical. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Aug	279.00	279.00	270.00	
Oct	277.00	267.00	268.00	
White	Close	Previous	High/Low	
May	296.00	299.50	302.50	296.00
Aug	301.00	306.00	305.50	300.00
Oct	285.50	293.50	292.00	285.50
Dec	288.50	291.50	289.00	286.50
Mar	287.50	291.50	289.00	287.00
May	290.50	295.00	290.50	290.00

Turnover: Raw 11 (9) lots of 50 tonnes. White 4002 (1470) Paris- White (FFr per tonne): May 1611.92 Aug 1664.65

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
May	18.87	19.06	19.00	18.82
Jun	18.98	19.15	19.09	18.92
Jul	18.91	19.12	19.00	18.85
Aug	18.96	19.15	19.02	18.88
Sep	19.01	19.18	19.04	18.90
Oct	19.03	19.18	19.08	18.96
IPE Index	19.12	19.09		

Turnover 28000 (28773)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Apr	177.25	179.50	179.00	176.50
May	174.25	176.25	175.50	173.50
Jun	173.25	174.75	173.75	172.50
Jul	174.25	175.25	174.50	173.75
Aug	176.00	177.25	176.00	175.00
Sep	177.75	179.00	177.50	
Oct	180.50	-	180.25	180.00
Nov	182.25	183.00	182.25	182.00
Jan	183.50	-	183.25	

Turnover 22907 (14012) lots of 100 tonnes

COTTON

Spot and shipment sales in Liverpool amounted to 294 tonnes for the week ended 2nd April against 59 tonnes in the previous week. Improved demand brought moderate purchases, mainly in Russian descriptions. Cameroon and Mali growths made some headway.

JUTE

April/May: C and f Dundee- BTC USD 345, BWC USD 370, BTD USD 315, BWD USD 335. C and f Antwerp- BTC USD 330, BWC USD 330, BTD USD 305, BWD USD 305.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
May	688	678	689	679
Jul	699	691	701	692
Sep	713	704	712	705
Dec	732	724	732	723
Mar	752	743	753	743
May	766	757	764	756
Jul	778	-	771	
Sep	792	-	791	

Turnover: 2879 (2873) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Apr 5 696.92 (692.52) 10 day average for Apr 6 702.17 (702.32)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
May	873	857	873	846
Jul	840	827	839	819
Sep	845	837	843	830
Nov	855	849	856	841
Jan	867	859	856	855
Mar	872	873	867	

Turnover:2961 (2857) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Apr 5: Comp. daily 50.58 (51.73) 15 day average 53.11 (53.48)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
May	42.0	40.0	42.0	39.5

Turnover 65 (349) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Apr	143.70	-	143.70

Turnover 150 (3) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Apr	-	1435	
BFI	-	1485	

Turnover 0 (45)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
May	143.75	143.55	143.75	143.25
Jun	144.35	-	144.35	144.00
Nov	110.50	110.50	110.50	
Jan	113.45	-	113.45	
Barley	Close	Previous	High/Low	
Nov	109.75	-	109.75	109.65

Turnover: Wheat 143 (81), Barley 12 (46). Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
Oct	105.00	105.00	

Turnover:0 (2) lots of 3,250 kg

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 35,315 lots
Cash	1107.5-8.5	1117.5-8.5		1104.5-5.5		
3 months	1130.5-1.0	1140.5-1.5	1135/1126	1127.5-8.0	1128.5-9	158,479 lots
Copper, Grade A (£ per tonne)						Total daily turnover 84,991 lots
Cash	1373.5-4.5	1388.5-9.5	1387/1366	1388-9		
3 months	1400.5-1.0	1415-6	1400/1388	1395-6	1390-1	155,299 lots
Lead (£ per tonne)						Total daily turnover 3,526 lots
Cash	276.5-7.5	273-4		273-3.5		
3 months	286-6.5	283-3.5	287/282.5	282.5-2.75	286-6.5	18,497 lots
Nickel ($ per tonne)						Total daily turnover 5,386 lots
Cash	6030-40	6110-20		5992-7		
3 months	6100-10	6183-5	6170/6060	6065-70	6080-5	44,182 lots
Tin ($ per tonne)						Total daily turnover 3,023 lots
Cash	5600-10	5640-50		5590-5		
3 months	5680-70	5700-05	5670/5660	5655-7	5660-5	9,052 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 7,540 lots
Cash	995-6	1001-2	991/991	990-0.5		
3 months	1014-5	1020-0.5	1015/1008	1009-9.5	1008-9	88,820 lots

LME Closing £/$ rate: SPOT: 1.5140 3 months: 1.5042 6 months: 1.4943 9 months: 1.4897

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	338.00-338.30	
Opening	337.80-338.20	
Morning fix	338.45	223.517
Afternoon fix	338.40	223.470
Day's high	339.15-339.45	
Day's low	337.65-337.95	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.60	6 months	2.48
2 months	2.58	12 months	2.49
3 months	2.53		

Silver fix	p/troy oz	US cts equiv
Spot	255.55	387.50
3 months	259.05	390.25
6 months	262.75	393.60
12 months	269.70	400.25

GOLD COINS	$ price	£ equivalent
Krugerrand	338.00-341.00	223.00-226.00
Maple leaf	348.30-350.55	-
New Sovereign	80.00-83.00	52.00-54.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Aug	May	Aug
1100	26	54	6	13
1125	11	38	17	22
1150	4	25	35	34
Copper (Grade A)	Calls		Puts	
2100	28	66	37	48
2150	11	43	70	74
2200	4	26	112	108
Coffee	May	Jul	May	Jul
850	37	35	14	45
900	14	19	41	79
950	4	10	81	120
Cocoa	May	Jul	May	Jul
700	9	33	22	34
725	3	23	41	49
750	1	16	64	67
Brent Crude	May	Jun	May	Jun
1850	-	-	-	17
1900	21	53	11	30
1950	5	25	41	-

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Apr	337.9	339.5	339.2	337.9
May	338.6	340.3	339.4	339.4
Jun	339.3	341.0	340.8	338.7
Aug	340.6	342.3	341.7	340.0
Oct	341.9	343.6	342.4	342.4
Dec	343.3	345.0	344.8	342.9
Feb	344.8	346.5	346.0	344.3
Apr	346.3	348.0	346.5	346.5
Jun	347.8	349.5	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	364.7	368.0	367.5	366.0
Jul	361.7	365.0	364.0	360.0
Oct	360.5	363.8	362.1	360.0
Jan	359.5	362.8	361.0	359.0
Apr	359.0	362.3	362.0	362.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Apr	384.5	390.7	391.0	383.5
May	385.5	391.8	394.0	383.5
Jun	386.8	393.1	390.5	390.5
Jul	388.0	394.3	397.0	386.0
Sep	390.5	396.8	398.5	388.5
Dec	394.2	400.5	402.5	392.5
Jan	394.6	400.9	0	0
Mar	398.1	404.4	406.0	397.0
May	400.5	406.9	0	0
Jul	403.2	409.6	411.5	411.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	92.15	94.05	92.55	92.15
May	92.50	94.55	93.30	92.30
Jun	92.90	94.95	93.60	92.90
Jul	93.30	95.40	94.10	93.20
Aug	93.70	95.80	94.00	93.80
Sep	94.10	96.20	94.80	94.00
Oct	94.30	96.35	94.50	94.50
Nov	94.65	96.70	95.80	94.90
Dec	95.20	97.20	96.00	95.20
Jan	95.45	97.40	96.25	95.75

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
May	20.27	20.62	20.46	20.26
Jun	20.45	20.80	20.65	20.45
Jul	20.58	20.86	20.72	20.55
Aug	20.59	20.89	20.75	20.59
Sep	20.64	20.89	20.73	20.65
Oct	20.66	20.88	20.70	20.65
Nov	20.71	20.86	20.71	20.71
Dec	20.62	20.84	20.70	20.60
Jan	20.63	20.81	20.66	20.62
Feb	20.60	20.78	20.63	20.59

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
May	56.60	56.95	56.80	55.70
Jun	55.60	56.54	56.30	55.55
Jul	55.85	56.59	56.35	55.85
Aug	56.50	57.14	56.90	56.50
Sep	57.50	58.12	57.80	57.50
Oct	58.75	59.07	58.85	58.75
Nov	59.50	59.96	59.70	59.50
Dec	60.40	60.81	60.60	60.40
Jan	60.90	61.26	60.95	60.90
Feb	61.01	61.01	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
May	894	902	909	892
Jul	924	931	938	922
Sep	952	959	965	950
Dec	988	994	1000	985
Mar	1018	1024	1028	1018
May	1038	1044	0	0
Jul	1058	1064	0	0
Sep	1080	1086	0	0
Dec	1110	1116	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
May	55.75	55.30	HIGH	LOW
Jul	57.50	58.85	56.40	54.90
Sep	59.30	58.90	58.00	57.00
Dec	62.00	61.80	59.75	59.10
Mar	64.30	64.45	62.80	61.75
May	66.30	65.85	64.80	64.40
Jul	68.05	68.40	66.75	66.30
Sep	69.50			68.40
68.40				

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	11.47	12.06	11.95	11.45
Jul	11.69	12.45	12.40	11.68
Oct	11.54	12.04	11.90	11.54
Mar	11.02	11.31	11.25	11.00
May	10.99	11.28	11.23	11.00
Jul	11.03	11.28	11.20	11.00

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
May	62.18	62.42	62.75	61.80
Jul	63.08	63.20	63.40	62.70
Oct	63.20	63.27	63.70	62.90
Dec	62.50	62.87	62.70	62.05
Mar	63.70	64.00	63.75	63.10
May	64.30	64.60	63.70	63.60
Jul	64.82	65.05	64.50	64.50

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	94.05	92.10	94.20	91.60
Jul	96.95	95.10	97.30	94.80
Sep	99.50	98.25	99.85	98.00
Nov	102.05	100.50	102.35	101.50
Jan	103.90	102.50	104.00	103.00
Mar	105.45	103.50	104.90	104.00
May	105.45	103.60	0	0
Jul	105.40	103.50	0	0
Sep	105.45	103.50	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Apr 6	Apr 5	mnth ago	yr ago
1703.5	1709.2	1763.2	1628.6

DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr 5	Apr 2	mnth ago	yr ago
Spot	123.79	125.78	-	117.56
Futures	127.38	126.64	-	122.04

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
May	590/2	593/6	595/0	590/0
Jul	595/6	598/6	600/4	595/2
Aug	598/6	601/6	602/4	598/0
Sep	600/2	603/4	604/0	600/0
Nov	605/2	608/0	610/0	604/6
Jan	612/4	615/6	617/0	612/2
Mar	620/0	622/0	623/6	620/0
May	624/0	626/0	0	0
Jul	626/4	629/0	0	0
Nov	609/0	612/0	612/4	609/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	21.29	21.37	21.48	21.25
Jul	21.58	21.64	21.75	21.51
Aug	21.68	21.72	21.86	21.65
Sep	21.78	21.86	21.98	21.77
Oct	21.88	21.95	22.10	21.87
Dec	22.14	22.15	22.30	22.07
Jan	22.17	22.17	22.25	22.15
Mar	22.32	22.30	22.42	22.30
May	22.40	22.33	0	0
Jul	22.50	22.33	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
May	184.9	186.1	185.9	184.5
Jul	185.9	187.2	186.9	185.5
Aug	186.6	187.9	187.6	186.5
Sep	187.5	189.0	188.5	187.4
Oct	188.3	189.7	189.4	188.2
Dec	190.4	191.7	191.4	190.0
Jan	190.7	191.8	191.8	190.7
Mar	191.5	192.5	192.2	191.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	229/2	229/6	230/0	228/6
Jul	235/0	235/4	235/6	234/2
Sep	239/6	239/6	240/4	239/0
Dec	246/2	245/4	247/0	244/6
Mar	253/0	252/2	253/4	251/2
May	257/0	256/2	257/2	256/4
Jul	260/4	259/6	260/4	259/6
Dec	252/0	251/0	252/4	251/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	343/4	350/4	348/0	343/2
Jul	310/6	315/2	313/4	310/0
Sep	315/0	319/0	317/0	313/4
Dec	324/0	328/0	326/4	323/0
Mar	329/4	332/6	330/2	327/4
Jul	320/6	321/0	321/0	319/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	81.100	81.150	81.325	80.750
Jun	75.750	76.150	76.225	75.450
Aug	72.225	72.450	72.525	71.925
Oct	73.600	73.825	73.900	73.425
Dec	73.775	73.850	73.925	73.500
Feb	73.050	73.250	73.350	73.050
Apr	74.300	74.600	74.375	74.050

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	47.875	47.550	47.975	47.450
Jun	54.000	53.425	54.050	52.975
Jul	52.875	52.225	52.950	52.125
Aug	50.025	49.625	50.150	49.350
Oct	44.750	44.450	44.900	44.300
Dec	45.600	44.875	45.750	45.900
Feb	45.450	44.750	45.450	45.000
Apr	44.000	43.400	44.000	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	50.075	48.825	50.825	48.600
Jul	50.500	49.475	51.475	48.950
Aug	47.350	46.525	47.800	45.650
Feb	43.225	43.425	44.750	42.950
Mar	42.600	43.025	0	42.600
May	44.100	0	0	0
Jul	44.100	0	0	0
Aug	44.100	0	0	0

LONDON STOCK EXCHANGE

Early rise falters in a drab market

By Terry Byland,
UK Stock Market Editor

INVESTMENT confidence suffered a fresh blow on the UK stock market yesterday when Fisons, the drugs and scientific equipment group, added to the uncertainty hanging over the pharmaceuticals sector by announcing that it was ceasing development of an asthma treatment project. The news compounded the general discomfiture in the market, which abandoned an early attempt to recapture the Footsie 2,850 mark to close several points easier on the session.

It was a drab day for equities, with weakness in stock index futures also undermining sentiment. Shares opened firmly, helped by a better performance from Wall Street overnight, but the Footsie peaked at 2,850.1 when stock index futures opened lower. The June contract on the Footsie lost its nearest support level and remained lower throughout the day.

Renewed pressure on BAT Industries, as UK analysts weighed the implications of the cigarette price war opened by Philip Morris, of the US, also depressed the mood.

The Fisons news was taken very badly. "This is a major blow to Fisons – very bad news indeed," summed up the general view. While some see Fisons as a bid prospect now, others took yesterday's news as yet another blow to a pharmaceuticals sector which has grossly underperformed the broader market this year.

At worst, the market was down by 10.2 on the FT-SE 100 scale at 2,828.6. A modest recovery set in when the Dow Average came in with an early gain of 12 in the new Wall Street session but there was little change in sentiment. Scant attention was paid to the announcement of improved UK car sales in March.

The final reading put the FT-SE 100 Index at 2,832.2 with a loss of 6.6 on the session. Traders sounded disheartened by the day's performance, which revived fears that the UK equity market, having run ahead strongly at the beginning of the year, must now await more convincing evidence of economic recovery if it is to justify its current ratings.

Seaq volume improved slightly to 538.4m shares, after Monday's 438.7m that produced retail business worth just above the £1bn total which has become the lowest level acceptable to the London-based securities industry.

The unimpressive performance by the blue chip leaders was mirrored by that of the second liners. At a final reading of 3,087.4, the FT-SE Mid 250 Index was off 3.4. Trading in non-Footsie stocks made up about 66 per cent of total equity volume yesterday, just above recent daily averages.

There were signs that investors were returning to the policy of moving into solid yielding defensive stocks – water issues provided one of the few firm sectors. Store shares, on the other hand, slipped lower as the chances of a cut in UK base rates appeared as distant as ever. Only a move to reduce rates in Germany can now set the stage for lower base rates, according to analysts in the London market. For the present, UK equities have distanced themselves from the firmness shown both by sterling and UK government bonds.

Strong gains in oil shares, ascribed to US buying, had mixed implications for the UK stock market, which has largely taken a negative stance on the sector.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group	11,000	66½	-½
Abbey National	2,200	370	-6
Albert Fisher	2,100	71	
Allied-Lyons	985	570	-5
Amstrad	322	32½	-½
Anglian Water	312	550	+6
Argos	2,400	308	-7
Argyll Group	2,600	333	-4
Arjo Wiggins	810	183	-1
Ass. Brit. Foods	597	485	+1
Ass. Brit. Ports	182	385	
BAA	1,300	788	-12
BAT Inds.	5,800	880	-5
BET	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]
BOC	[illegible]	[illegible]	[illegible]
BP	[illegible]	[illegible]	[illegible]
BPB Inds.	[illegible]	[illegible]	[illegible]
BT	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]
Bank of Scotland	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]
Bass	[illegible]	[illegible]	[illegible]
Berisford	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]
Booker	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]
Bowater	[illegible]	[illegible]	[illegible]
Brit. Aerospace	[illegible]	[illegible]	[illegible]
British Airways	2,800	289	-4
British Gas	8,400	307½	+4
British Land	880	268	+3
British Steel	6,300	78½	-6
Burmah Castrol	824	722	-16
Burton	2,200	80	+½
Cable & Wire.	1,500	716	-7
Cadbury Schweppes	487	484	-8
Calor Group	483	280	
Carlton Comms.	489	741	-9
Coats Viyella	2,000	238	+6
Comm. Union	1,000	612	+8
Cookson	1,800	205	
Courtaulds	471	564	
Dalgety	481	445	-7
De La Rue	186	885	-2
Dixons	443	208	
Eastern Elect.	484	480	+9
East Midland Elec.	297	477	+7
Eng China Clays	445	448	+3
Enterprise Oil	1,700	485	-2
Eurotunnel Units	61	483	
FKI	380	118	
Fisons	18,000	169	-25
Foreign & Col. I.T.	878	221½	+½
Forte	1,300	177½	-1½
Lonrho	947	84	
Lucas	2,200	129	
MB Caradon	2,500	306	-10
MEPC	1,300	384	+2
Manweb	361	545	+7
Marks & Spencer	2,400	338	-3
Midlands Elect.	1,100	600	+6
Morrison (Wm.)	2,000	155	-2
NFC	1,800	240	-5
NatWest Bank	2,300	435	-2
National Power	4,300	346	+3
Next	2,500	171½	-½
North West Water	633	528	+4
Reuters	457	1345	-5
Rolls Royce	1,300	121	-1
Rothmans	727	642	+8
Ryl Bk Scotland	3,100	282	+4
Royal Insurance	1,600	300	-6
Saatchi	1,100	181	-5
Sainsbury	866	472	-6
Scottish & New.	837	482	-4
Scot. Hydro-Elect.	4,400	354	+2½
Scottish Power	3,400	333	+1
Sears	5,400	101	+2
Sedgwick	405	158	+1
Seaboard	152	523	+8
Severn Trent Water	1,100	527	+4
Shell Transport	4,800	586½	+9
Siebe	1,800	444	-5
Slough Ests	555	187	+1
Smith (W.H.) A	286	423	+5
Smith & Nephew	1,200	157½	+1½
SmKl Beecham	3,500	416	+3
SmKl Beecham Uts.	2,700	382	+2
Smiths Inds.	178	327	-2
Southern Elect.	695	480	+3
South Wales Elect.	62	658	+7
South West Water	226	506	+5
South West. Elect.	163	521	+8
Southern Water	395	540	
United Biscuits	1,000	389	-5
Utd. Newspapers	353	543	-5
Vodafone	1,600	385	-8
Warburg (SG)	51	636	+2
Wellcome	3,100	721	+16
Welsh Water	824	609	+2
Wessex Water	352	647	+11
Whitbread 'A'	1,500	461	+4
Williams Hldgs.	1,200	328	+1
Wills Corroon	413	191	+6
Wimpey	441	139	-1
Wolseley	129	684	-2
Yorkshire Elect.	287	547	+10
Yorkshire Water	169	590	+7

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:	Mar 29	Apr 19	May 10
Option Declarations:	Apr 15	May 6	May 20
Last Dealings:	Apr 16	May 7	May 21
Account Day:	Apr 26	May 17	Jun 1

*New time dealings may take place from 8.30am two business days earlier.

Fisons shocks analysts

AN ANNOUNCEMENT that Fisons was withdrawing from one of its key development products prompted the troubled pharmaceuticals company's shares to fall sharply yesterday. The setback in the shares cast serious doubts over the near-term outlook for the company, and for its future independence.

The decision to halt development of Tipredane, its anti-asthma product, leaves Fisons with only one drug in the Phase Two development stage and without any apparent prospects for good news. It would appear to set the seal on the company's profits warning last June which prompted the City to revalue the company by some £690m.

In spite of a brief fillip at Christmas when the US Food and Drug Administration gave its approval to Tilade, another anti-asthma treatment, the shares have never properly recovered. Yesterday's slide of 25 to 169p on hefty turnover of 18m shares left Fisons dangerously close to the bottom of the Footsie in terms of market capitalisation.

The news surprised analysts, who said only last week that they were told of Tipredane's exciting prospects at a drug conference. The turnround revived old bid talk, with Zeneca, the pharmaceuticals arm of ICI, touted as a possible predator. However, hostile bids have not been a feature of the health sector and Zeneca, when it is demerged from ICI, is likely to have its own worries. Analysts said a fire sale of Fisons' assets might be more likely.

Oils bought

Strong buying of oil shares on Wall Street overnight followed through into London, where US houses were aggressive buyers of the majors. The latest burst of US support for the sector again unnerved big UK institutions, which for the most part are underweight in the sector, especially in BP.

US broking houses have been steadfast supporters of the UK oil majors for many months, focusing particularly on the recovery potential at BP. The latter's shares were the sixth best performer in the FT-SE 100 during the first quarter of the year, outperforming the FT-Actuaries All-Share Index by 18.3 per cent. BP took the honours yesterday, just managing to outpace Shell. BP closed 5 up at 306½p on 8.3m traded, while Shell rose 9 to 586½p.

An element of uncertainty was injected, however, after Kuwait warned fellow Opec members that abuses of oil output quotas could lead to Kuwait lifting its production. The threat drove crude oil prices lower in London.

Burmah Castrol shares suffered turbulence, caused by the placing by Cazenove of a block of 4.5m shares (2¼ per cent of the enlarged issued capital) at 705p apiece to help fund its acquisition from ICI of Tribol, the industrial lubricants manufacturer. The placing was said to have been oversubscribed 2¼ times. "The deal looks sound and sensible and fits in neatly with Burmah's current strategy," said one analyst.

Forte dividend

Another forecast that the dividend may be cut at Forte unsettled the shares yesterday, when Smith New Court became the latest broking house to predict a payment reduction with next week's results.

The house now estimates that the full-year dividend will be 5p, compared with last year's 9.91p, joining company with NatWest Securities, long-term bears at 5.5p, Hoare Govett, recent converts to 6.3p, and Paribas at 5p.

Ironically, in view of recent events at Queens Moat Houses, a dividend cut by Forte would be interpreted as a positive move by the market. "In a difficult hotel environment, Forte will look prudent if it reduces its dividend," said one leisure analyst. The shares slipped 1¼ to 177¼p, although turnover was a meagre 1.3m.

An early attempt by BAT Industries to rally was undermined in late trading. Agency broker James Capel became the latest house to alter its stance, changing its recommendation from hold to weak hold following the Philip Morris decision to spark a price war in the US. BAT shares fell a net 5 to 880p.

International conglomerate BTR had a busy session as talk that the company may soon announce a big disposal did the rounds. At the day's best, the shares were 9 better at 619p, but surrendered that gain on profit-taking to close unchanged at 610p, after trade of 4.8m.

The slump in the Fisons share price was the latest in a series of damaging blows to the market and was seen by some dealers as a signal for a more aggressive approach in switching into the highly defensive areas of the market, notably the utilities.

British Gas settled 4 higher at 307½p. The electricity stocks were well supported, helped by a recent flurry of broker buy recommendations, as were the water stocks, but customer business in both areas was minimal with only Severn Trent able to boast turnover in excess of 1m shares. Severn closed 4 firmer at 527p.

Activity in the power generators was on larger scale with broker Hoare Govett forecasting dividend growth rates of 14.3 per cent and 12.5 per cent for National Power in the next two years and 15.2 per cent and 12.4 per cent for PowerGen. The latter settled 5 up at 350p and the former 3 better at 348p.

There was renewed speculation that Rank Organisation had struck a deal to sell its provincial hotels with a price of £57m being suggested. The 15 hotels have been for sale for a year and rumours of their imminent disposal have been rife since January. Analysts hinted that several interested parties had been in negotiations with Rank, but the favourite scenarios are a management buy-out, or a move from a Far Eastern group said to have been scouring the UK hotel market recently. A Singapore group purchased the Gloucester hotel from Rank in November for £67.5m. Rank shares fell 3 to 666p.

Good results from City Centre helped the shares gain 2 to 85p and reflected well on Bass, up a penny at 551p. Switching from Guinness to Grand Metropolitan left the former 9 adrift at 478p and the latter 2 stronger at 426p.

Results from Tesco came largely in line with expectations and with a mildly positive meeting with analysts, the shares closed a penny firmer at 232p. However, specialists said that the company failed to satisfy the bears of the stock worried about the long-term strategy for growth.

There were more downgrades at Unilever as meetings with analysts continued. Most cuts have been on currency considerations. The shares fell 19 to 1144p.

Wellcome recovered 16 to 721p ahead of briefings to analysts today in the UK. The company is busily carrying out a belated damage limitation exercise following worries over its anti-AIDS drug AZT or Retrovir and will discuss its plan to seek regulatory approval for wider use of the drug.

Shares in UK airports operator BAA, eased 12 to 788p, with Cazenove said to have downgraded profit expectations.

Trailer rental and leasing company TIP Europe jumped 15 to 40½p after announcing an agreed bid from a subsidiary of General Electric of the US. There was talk that the move could lead to greater competition for Tiphook which fell 25 to 335p.

In motors, several stocks were boosted by the news of a 12.7 per cent year on year rise in UK car sales for March. Thomas Cowie put on 3 at 211p, Dagenham Motor hardened 2 to 108p, ahead of figures today, while Lex Service also added 2 at 341p. International trading group Inchcape, owner of several UK car dealerships, rose 8 to 593p.

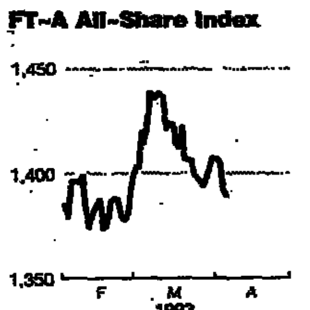
The encouraging statement to shareholders at BICC's annual meeting saw the stock race up to 361p before closing a net 8 better at 358p.

A broker's suggestion that MB Caradon could be targetting Redland's bricks business, substantially enlarged by Redland's acquisition of Steetley last year, saw Redland move up 6 to 429p on good turnover of 1.3m shares.

MARKET REPORTERS:
Christopher Price,
Peter John, Joel Kibazo,
Steve Thompson.

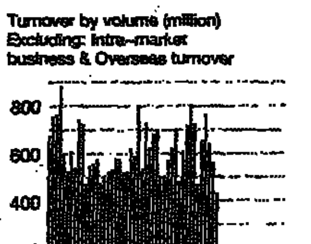
■ Other market statistics, Page 22

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream 1993

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (119). BANKS (1) Anglo Irish, BREWERS (2) Devenish (JA), Mansfield, BLDG MATLS (2) Marley, Tarmac, BUSINESS SERVS (2) Serco, Wilts. CONTG & CONSTRCN (1) Taylor Woodrow, ELECTRICITY (2) East Midlands, Eastern, [illegible] Serva., TEXTS (1) Campari, TRANSPORT (1) Clarkson (H).

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2832.2 -6.6	3087.4 -3.4	1389.20 -2.98

	Apr 6	Day's change %	Apr 5	Apr 2	Apr 1	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2832.2	-0.2	2838.8	2869.9	2878.4	2404.2	6.37	4.03	20.06	31.80
FT-SE Mid 250	3087.4	-0.1	3090.8	3108.5	3107.2	2338.3	6.83	3.79	18.45	21.69
FT-SE-A 350	1405.5	-0.2	1408.4	1422.2	1425.4	1164.5	6.47	3.98	19.58	14.40
FT-SE SmallCap	1542.49	-0.2	1545.98	1551.99	1550.34	-	4.94	3.74	29.01	12.23
FT-SE SmallCap ex Inv Trusts	1550.07	-0.3	1554.10	1560.17	1558.82	-	5.48	3.97	29.95	12.16
FT-A ALL-SHARE	1389.20	-0.2	1392.18	1405.13	1408.00	1150.09	6.38	3.96	20.07	14.04
1 CAPITAL GOODS(219)	944.02	-0.3	946.89	953.61	955.63	773.81	5.90	4.10	22.18	9.61
2 Building Materials(27)	955.98	-0.4	960.21	965.80	972.71	924.19	5.43	5.18	26.10	4.86
3 Contracting, Construction(29)	839.12	+0.2	837.25	837.47	837.70	840.37	3.27	4.03	78.38	7.01
4 Electricals(15)	2706.92	+0.9	2681.73	2693.67	2707.35	2351.49	5.53	4.99	23.02	19.67
5 Electronics(37)	2647.50	+0.6	2631.81	2643.98	2633.38	1743.79	5.98	3.01	21.16	18.20
6 Engineering-Aerospace(7)	340.17	-0.5	341.73	344.89	347.59	337.04	10.40	4.21	12.25	3.19
7 Engineering-General(51)	542.35	-0.2	543.48	547.59	548.18	470.77	7.31	3.91	17.48	5.61
8 Metals & Metal Forming(11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors(16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrials(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP(235)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers(28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing(22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health & Household(29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Hotels and Leisure(21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30 Media(29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging and Paper(24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores(39)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles(20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS(142)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Business Services(22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates(11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Transport(16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Electricity(16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Telephone Networks(4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Water(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous(32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP(596)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 "500" SHARE INDEX(614)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP(98)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life)(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite)(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers(10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property(36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts(108)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 FT-A ALL-SHARE(820)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Gross dividend yield (Tax credit at 20%) FT-SE 100:4.03%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health & H	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible]

FINANCIAL TIMES EQUITY INDICES

	April 6	April 5	April 2	April 1	Mar 31	Year ago	*High	*Low
Ordinary shares	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. div. yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earning yld % full	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E ratio net	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E ratio nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ordinary Share hourly changes [illegible]

London report and latest Share Index Tel. 0891 123001. [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

EQUITY FUTURES AND OPTIONS TRADING

THE LACK of strong economic or political features to inspire traders saw the futures contract fall through what many had considered its resistance level, writes Joel Kibazo.

Trading in the June contract on the FT-SE 100 followed the familiar path traced over the past few sessions. It opened at 2,854, and it had risen to 2,868 by mid-morning, which turned out to be the high of the day.

But with the early shoppers soon satisfied, the contract found few other takers and drifted lower thereafter, falling through the 2,855 mark, a level which many market traders had considered to be a support point for the June contract.

The afternoon only brought a further decline and the early weakness on Wall Street saw June fall to the day's low of 2,836.

Bargain hunters finally took the opportunity of buying at the lower levels, which lifted June out of the doldrums, helping it to a close of 2,845, a decline of 10 from the previous session but around 4 points above fair value premium to cash of about 11. Turnover dropped to 5,828 contracts.

However, the volume in the traded options showed a substantial improvement from Monday's poor figure, reaching 29,191 lots by the official close. Some 9,298 contracts were dealt in the FT-SE 100 option, while dealings in Hillsdown totalled 2,841, making it the most active of the stock options.

AMERICANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		16⅞xd	+⅛	20⅞	15⅞	14,175	2.8
Allegheny & W	♥	521p	+12	671p	399p	270.7	4.0
Amdahl		412p	—	591p	400p	482.7	1.7
Amer Cyanamid		33⅞	—	39⅝	32¼	3,009	3.4
Amer Express		18½xd	+⅛	19½	14⅞	8,843	3.8
Amer T & T		38⅞xd	–⅛	40⅞	33⅞	48,123	2.5
Ameritech		51¼	—	52¾	46	22,439	4.9
BankAmerica		32¾xd	+⅞	35¼	28⅞	11,284	2.9
Bankers NY		48⅛xd	+⅛	51⅛	42⅞	3,722	4.8
Bell Atlantic		35⅞	—	39⅛	32¼	15,422	5.2
BellSouth		36⅞	—	38⅞	33½	18,079	5.2
Bethlehem Steel	♥	11⅛xd	+⅛	13¼	10	1,099	–
Bowater		1450pxd	—	1682p	1335p	825.4	1.9
CPC		28⅞xd	–⅞	34⅞	28¼	4,259	3.1
Cadiz Land Inc	♥	115p	—	115p	115p	–	–
California Engy		1405p	—	1479p	1069p	209.8	–
Chase Manhattan		22¾xd	+⅞	24½	17⅞	3,456	3.6
Chrysler		25⅞xd	+1⅞	28⅞	21¼	7,935	1.8
Citicorp		18¾xd	+⅞	20⅞	13⅞	6,854	–
Colgate-Palm		41⅛xd	–1½	46⅞	35¼	6,556	2.1
Cont'l Bank		1755p	—	1877p	1278p	1,773	2.4
Dana		30⅞xd	+⅛	34⅞	29⅞	1,384	3.6
Data General		750p	—	951p	710p	207.0	–
Decora Inds.	♥	146p	—	146p	146p	–	–
Dun & Brad		38½	—	42⅛	37⅞	6,059	4.1
Eaton		56⅞	—	58⅞	50⅞	1,849	2.7
Echlin		15⅛xd	–⅛	18⅞	15⅛	856.9	3.2
FPL		24⅞xd	+⅞	27⅞	23⅞	4,439	7.0
Ford Motor		34⅞	+⅞	35⅞	28⅞	16,779	2.0
Gen Elect		59⅛xd	+⅛	61¼	53⅞	50,495	3.0
General Host	♥	609p	—	729p	573p	–	4.1
Gillette		38⅞xd	–⅞	42⅞	35⅞	8,419	1.3
Hasbro		20⅞	—	20⅞	30⅞	1,815	0.8
Honeywell		21⅞xd	+⅛	24⅛	20⅞	2,947	2.9
Houston Inds		38¾	—	33¾	29¼	3,982	6.7
IBM		34½	–⅛	39¼	29⅞	19,685	4.3
Ingersoll-Rand		19⅞xd	+⅛	25	19⅞	2,082	2.4
Lockheed		41⅛	—	42⅞	35⅛	2,539	3.5
Lowe's	h	2109p	—	2339p	1573p	1,508	0.9
Merrill Lynch		45⅞xd	+½	58⅞	37	4,888	1.8
Morgan JP		44⅞xd	+⅞	48½	38¾	8,490	3.7

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

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ELECTRICALS

ELECTRICITY

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HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

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METALS & METAL FORMING

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PACKAGING, PAPER & PRINTING - Cont.

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SOUTH AFRICANS

PLANTATIONS

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MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- ▪ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT7564. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

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Annual subscription £250.00 stg.
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FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Gulfund American ♣	5	152.9	154.4	162.5	-0.20	0.00
AIB Gulfund Equity ♣	5	203.0	206.1	218.1	+0.20	3.23
AIB Grofund Euro ♣	6	159.9	161.6	170.1	+0.30	0.29
AIB Gulfund Eqt Balanced ♣	3	99.88	101.6	104.9	—	1.77
AIB Grofund Gilt ♣	3	77.71	77.87	80.28	-0.33	4.49
AIB Gulfund Japan ♣	5	157.4	158.9	167.2	-2.10	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	413.7	415.7xd	442.3	-0.1	2.81
General Acc	5	454.2	456.4xd	485.6	-0.2	2.51
UK Growth Acc	6	302.6	307.2	326.9	+0.5	2.84
UK Growth Inc	6	217.1	220.1	234.2	+0.2	2.84
Higher Inc Acc	6	552.2	560.2	596.0	+1.5	3.79
Higher Inc Inc	6	340.7	345.6	367.7	+1.0	3.79
Gilts/Fxd Int Acc	5½	175.2	176.2xd	185.0	—	8.09
Gilts/Fxd Int Inc	5½	91.83	91.83xd	96.98	-0.02	8.09
Nth America	6	242.8	246.5	264.4	—	0.00
Far East	6	273.6	276.1	293.8	-3.2	0.20
Europe	6	215.0	216.7xd	230.6	+0.6	1.04
Brit Excel	6	82.27	82.27	88.25	+0.16	2.84
Brit Frnmls Acc	6	83.59	83.59xd	88.93	-0.04	5.06
Brit Frnmls Inc	6	64.85	64.85xd	68.99	-0.04	5.06
Global Opps	6	69.00	69.74	74.20	-0.41	0.00
Balanced Acc	6	46.45	46.71	49.70	-0.01	3.09
Balanced Inc	6	46.45	46.71	49.70	-0.01	3.09

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	130.1	130.1xd	137.9	-0.1	5.97
High Inc Equity	6	144.5	147.4xd	156.8	-0.3	5.08
Worldwide Bond	6	260.7	260.7	278.4	—	4.38
American Growth	6	282.0	282.0	301.6	+1.6	.67
Asian Pacific	6	207.0	211.5	225.0	+1.2	.72
Assets & Earnings	6	223.0	227.3	241.8	-0.1	2.32
Capital Reserve Acc	0	125.3	125.3	125.3	—	6.22
Comdty & Energy	6	69.35	69.95xd	74.81	+1.14	.74
1992 Enterprise	6	79.56	79.56	85.11	-0.03	2.07
Euro Capital Acc	6	108.5	108.5	116.0	+0.2	.87
Euro Capital Inc	6	102.0	102.0xd	109.0	+0.2	.89
General	6	198.9	200.5	213.2	-0.4	2.56
Japan	6	112.6	112.8	120.4	-2.0	—
Mastertrust	6	112.9	112.9	120.7	-0.1	1.04
UK Growth Acc	6	179.7	179.7	192.1	-0.9	2.49
UK Growth Dist	6	110.8	110.9xd	118.6	-0.5	2.55
US Emerging Cos	6	105.7	107.4	114.2	-0.5	—
Income & Growth	6	340.4	346.3	368.3	+0.2	3.58
Ethical	6	62.31	63.63	67.90	-0.21	2.58
International	6	83.15	84.43	89.81	-0.23	1.00

Britannia Life Unit Managers Ltd (1200)F
50 Bothwell Street, Glasgow G2 6HR 041-223 8020

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	91.68	92.67xd	98.11	-0.02	1.87
Do (Accum)	6	100.85	101.94	108.03	-0.03	1.87
Smaller Cos	6	77.70	79.52	85.05	-0.16	1.36
Do (Accum)	6	84.01	85.99	91.97	-0.17	1.36
Higher Yield	6	36.69	37.33xd	39.93	-0.05	4.43
Do (Accum)	6	50.82	51.43	55.01	-0.06	4.42
American Gth Inc	6	56.25	56.62	60.45	+0.07	0.00
Do (Accum)	6	57.39	57.58	61.59	+0.07	0.00
European Growth	6	93.77	94.11xd	100.65	+0.69	1.07
Do (Accum)	6	95.07	95.42	102.05	+0.70	1.07
Global Bond Inc	6	28.97	29.04	30.81	-0.05	6.03
Do (Accum)	6	35.67	35.76	37.94	-0.06	6.03
Managed P'folio Inc	6	33.74	33.83xd	36.19	+0.02	1.46
(Do Accum)	6	33.98	34.07	36.44	+0.02	1.46
Pacific Growth Accum	6	88.75	89.74	95.98	-0.23	0.88
Int Spec Opps Accum	6	84.07	85.07	90.98	+0.19	0.87

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412282

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	90.99	90.99	96.90	-0.27	2.16
Mngd P'folio Acc	6	171.9	171.9	183.1	-0.50	-
UK General	6	149.8	149.8	159.5	-0.10	3.18
European Inc	6	22.27	22.27	23.97	-0.10	0.47
European Acc	6	23.00	23.00	24.79	-0.11	-
Financial	6	117.2	117.2xd	124.8	-0.19	3.56
Foundation	6	72.28	74.05xd	78.86	-0.21	3.88
German	6	42.20	42.20	45.25	-0.17	0.09
Growth Inc †(8-1)	5	27.81	27.81	29.64	+0.06	3.12
Growth Acc †(5-1)	5	32.38	32.38	34.51	+0.05	-
High Income	6	68.60	68.60xd	73.75	-0.17	7.46
Income	6	121.0	123.3xd	132.0	+0.30	4.40
Intl Income	6	90.85	90.89	96.78	-0.14	4.86
Intl Growth ♣	6	32.14	32.14	34.23	-0.11	0.23
Monthly Income	6	67.46	69.55	74.07	-0.19	4.55
North American	6	100.6	101.1	107.7	-0.16	0.20
Orient ♣	6	113.4	113.4	122.1	-0.80	-
Recovery	6	35.48	36.90	38.66	-0.13	2.96
Smaller Cos Acc	6	257.1	270.6	289.8	-1.39	-
Smaller Cos Inc	6	150.6	158.6xd	169.7	-0.89	1.36

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	189.7	189.7xd	195.0	-3.71	6.4

Buckmaster Mangmt Co Ltd (0830)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Fellowship Tst	5¼	61.95	62.71xd	66.72	+0.41	1.12
(Accum Units)	5¼	69.84	70.69	75.21	+0.48	1.12
Income	5¼	211.1	212.8	226.4	+0.7	4.00
(Accum Units)	5¼	479.7	483.9	514.8	+1.6	4.00
Smaller Co's	5¼	117.0	120.1	127.8	+0.7	1.99
(Accum Units)	5¼	140.5	144.3	153.6	-0.7	1.99
Inv Portfolio	3	86.65	86.49	88.91	+0.04	2.01
(Accum Units)	3	74.13	75.06	77.81	+0.05	2.01
High Income Port ♣	3	58.33	59.22	61.37	+0.03	4.73

Burrage Unit Tst Mangmt Ltd (0900)F
117 Fenchurch St, London EC3M 5AL 071-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Short Dated Gilt	1¼	66.16	66.18xd	67.08	-0.02	5.99

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G1 2PX 0345 090 893

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	1	82.30	82.30xd	84.39	-0.16	2.84
Acumen Inc	1	79.97	79.97xd	82.01	-1.03	2.84
Acumen Reserve	1	77.87	77.87xd	78.86	-0.14	7.88
Acumen Reserve Inc	1	74.05	74.05xd	74.80	-1.15	7.88
American Income	1	163.80	163.80	167.60	+1.20	2.41
Equity Income	1	90.08	90.08xd	92.65	+0.18	6.17
European	1	59.61	59.61	60.96	+0.03	1.12
Smaller Cos	1	82.67	82.67	85.31	-0.26	1.24
Olympiad	1	51.74	51.74	53.13	+0.21	0.62
Global Bond	1	47.61	47.61	48.14	+0.16	8.75
UK Growth	1	80.01	80.01xd	82.46	-0.38	1.66
Pacific Growth	1	68.87	68.87	71.27	+0.29	0.74
Japan Growth	1	68.96	68.96	60.46	-0.39	0.00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Scottish Provident Inv Mgt Ltd (1000)F						
6 St Andrew Sq, Edinburgh EH2 2YA 031-556 2340						
Equity Growth Acc	6	24.43	24.65	26.38	-0.03	2.84
Equity Growth Inc	6	20.69	20.87	22.34	+0.02	2.94
Intl Growth Acc	6	27.22	27.50	29.43	-0.14	1.38
Intl Growth Inc	6	25.84	26.10	27.94	-0.13	1.38
Global Income Acc	6	30.42	30.58	32.73	+0.06	3.84
Global Income Inc	6	24.04	24.16	25.86	+0.04	3.84
Market Leaders Acc	6	25.32	25.49	27.28	-0.11	2.98
Market Leaders Inc	6	21.09	21.23	22.72	-0.10	2.98
Scottish Widows' Fund Mngmt (0800)H						
PO Box 902, Edinburgh EH16 5BU 031-655 3724						
Equity Acc	6	468.8	473.2	504.7	-4.4	3.15
Equity Inc	6	331.2	334.4	356.6	-3.1	3.15
UK High Inc Acc	6	224.2	227.1	242.2	-1.8	4.20
UK High Inc	6	164.2	166.2	177.3	-1.4	4.20
Europe Acc	6	257.6	259.8	277.1	-0.7	1.13
Europe Inc	6	247.1	249.3	265.8	-0.7	1.13
Nth Amer Acc	6	193.9	194.9	207.8	+1.3	0.27
Nth Amer Inc	6	184.3	185.2	197.5	+1.2	0.27
Japanese Acc	6	238.4	238.4	254.2	-4.4	-
Global Acc	6	179.5	179.5	191.8	-0.3	0.98
Global Inc	6	168.2	168.2	179.3	-0.4	0.98
UK Spec Sits Acc	6	107.8	110.0	117.3	-0.7	3.69
UK Spec Sits Inc	6	96.65	98.64	105.2	-0.6	3.69
South East Asia	6	135.8	137.7	146.8	-0.1	0.74
Semper Eadem Fund Mngt Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
Sector Recovery	6	129.60	134.60	141.40	+1.80	4.72
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries 0277 227300 Dealing 0277 261010						
AES European	5	107.80	108.50	114.20	-0.10	1.41
AES Intl Bond & Curr	5	125.50	125.90	132.50	-0.20	5.98
AES Pooled Pension	7	£153.5	157.4	168.4	—	-
AES Smaller Cos	5	60.70	62.55	65.84	-0.32	1.93
AES UK General	5	116.30	118.10	124.30	+0.10	2.76

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0463						
Challenger	2¼	91.40	91.40	93.52	-0.20	0.00
Short Dtd Gilt	1¼	107.0	107.0	108.4	-0.10	3.50
U.S. Govmnt Bond	1¼	$0.7132	0.7132	0.7226	-.0001	0.00
Gilt Income	4	62.16	62.16	54.28	-0.07	7.50
Gilt Growth	4	66.23	66.25	68.92	-0.16	0.00
City Reserve	0	52.46	52.46	52.46	+0.01	5.83
Woolwich Unit Trust Managers Ltd (1700)H						
2 White Oak Square, Swanley BR8 7AG 081-298 4000						
Stockmarket Fd F	5	65.70	65.86	70.06	-0.18	1.94

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Intl Exmpt Mar 31	650.5	672.5	—	1.14
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071-214 1050 (general enquiries) 071-214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	52.68	54.36	—	[illegible]
Income Plus	50.73	51.79	—	[illegible]
James Capel Fund Managers Ltd				
European Exempt	£109.58	119.785	+0.608	[illegible]
Japanese Exempt	£133.102	135.25	-2.717	[illegible]
Managed Exempt	£129.761	137.187	+0.093	[illegible]
North American Exempt	£101.374	103.168	+0.473	[illegible]
Pacific Exempt	£111.725	114.294	+0.385	[illegible]
Cent. Bd. of Fin. of Church of England				

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Prolific Life & Pensions Ltd				
Stramongate, Kendal, Cumbria LA9 4UB 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Adventurous Mngd.	164.8	175.0	-0.2	-
Balanced Grwth Mngd.	681.6	725.1	-1.1	-
Cautious Mngd.	123.4	137.7	-0.1	-
Cash Fd	319.8	336.6	—	-
Property Fund	217.8	231.5	—	-
Gilt Fund 20	460.9	479.7	-0.7	-
Equity Fund	771.0	822.4	-1.9	-
Fxd. Int. Fund	423.2	446.0	-0.4	-
International	345.5	367.6	-0.7	-
High Income	615.8	655.2	-0.6	-
Technology	435.0	462.8	-3.3	-
North American	461.8	491.3	+0.8	-
Far East	457.4	486.6	-0.1	-
Special Sits.	548.7	581.7	-1.8	-
Extra Inc Fd	329.6	350.7	-1.2	-
American Income	187.9	199.9	+0.8	-
Convertible & Gilt Fd	159.2	168.4	-0.6	-
European Fund	126.9	136.0	+0.1	-
Pref & Fixed Int.	114.4	121.8	—	-
Uk. Blue Chip	118.4	124.8	+0.1	-
Recovery Fund	120.9	127.4	-0.4	-
Equity Income Dist.	109.2	116.2	-0.2	5.07
Managed Dist.	103.4	110.1	-0.1	5.79
High Yield Dist.	105.3	111.0	-0.9	7.80
Pension Funds				
Adventurous Mgd Pens Acc.	176.4	184.7	-0.2	-
Balncd Gth Mgd Pens Acc.	799.9	842.1	-1.2	-
Cautious Mngd Pens Acc.	150.1	158.1	-0.1	-
Building Soc. Acc.	369.4	388.9	—	-
Property Pens. Acc.	297.3	313.0	—	-
Fix. Int. Pens. Acc.	674.5	710.1	-0.6	-
Equity Pens Acc.	1021.4	1075.2	-1.0	-
International Pens Acc.	323.9	341.0	-0.5	-
High Inc Pens Acc.	696.3	733.0	-1.9	-
Tech Pens Acc.	305.7	321.8	-2.8	-
N American Pens Acc.	355.3	374.1	+0.4	-
Far Eastern Pens Acc.	466.8	491.4	—	-
Special Sits Pens Acc.	451.2	475.0	-2.2	-
Extra Income Pens Fd.	406.8	428.1	-2.3	-
American Inc Pens.	217.5	229.0	-1.0	-
Convertible & Gilt Pen.	194.2	204.5	+0.7	-
European Pens.	142.4	149.9	+0.3	-
Managed Cash Pens.	173.9	183.1	—	-
Pref & Fixed Pens.	133.2	140.3	+0.2	-
UK Blue Chip	126.1	132.8	+0.1	-
Recovery Fund	131.1	138.3	-0.4	-
Unitsd With Profits Pens.	110.4	116.3	—	-
Other Funds				
BSB Select Mngd.	109.7	115.8	-0.1	-
IAS Managed	117.5	123.7	+0.3	-
Capital Income & Growth	119.2	125.5	-0.6	-
FIC Prosperity	153.7	161.8	-1.8	-
IAS Pension Managed	141.0	148.5	-0.1	-
Cap Retirement P'folio	140.9	148.4	+0.7	-
JNJ Managed Pension	129.9	136.8	-0.4	-
Tomkinson Retirement P'folio	113.5	119.5	-0.2	-
Map Balanced Asset	111.4	117.3	-0.2	-
Marsh Retirement Portfolio	102.6	108.1	—	-
Pembroke Intl.	97.4	102.6	-1.4	-
Continentl Managed Pens	107.7	113.4	-0.4	-
SWM Superior Growth	153.5	161.6	-0.4	-
BJ Rovers Managed Pens.	110.2	116.0	-0.2	-
Tomkinson Retirement P'folio 2	107.9	113.6	-0.6	-
Margeti Growth	121.6	128.0	-0.8	-
Margeti Income	124.1	130.7	-2.0	-
Margeti Pension	132.0	139.0	-0.8	-
Invest Record Inc & Grth	105.4	111.0	-0.6	-

	Bid Price	Offer Price	+ or -	Yield Gross
Reliance Mutual				
Reliance House, Tunbridge Wells, Kent 0892 510033				
Deposit Acc Fd.	169.9	178.8		-
Equity Acc Fd.	412.1	433.8	+1.5	-
Managed Acc Fd	367.3	386.7	—	-
Prop Fd (1st issue)	-	682.6	—	-
Prop Acc Fd (2nd iss)	128.1	134.8	—	-
Trust Mngd Fd.	177.1	186.5	—	-
RL Pension Funds				
Deposit Acc.	248.1	261.2	—	-
Equity Acc.	310.1	326.5	+1.1	-
Fixed Int Acc.	255.2	268.6	—	-
Gilt Indx Lnk Acc.	194.9	205.1	—	-
Managed Acc.	411.8	433.6	—	-
J Rothschild Assurance PLC				
J Rothschild House, Dollar Street, Cirencester				
Telephone 0285 640302 Helpline 041-307 6500				
Life Funds				
Income Distribution	96.8	101.9	-0.60	-
JRA/M&G Managed	120.2	126.4	-0.60	-
JRA/Scottish Amicable Mngd.	116.5	122.7	-0.40	-
JRA/St James's Place Mngd.	128.5	135.3	-0.40	-
Deposit	100.7	106.1	—	-
Far East	125.8	132.5	+1.70	-
Gilts	110.0	115.8	-0.60	-
Greater European	115.9	122.1	+0.20	-
North American	132.3	139.3	+0.80	-
UK Equity	120.8	127.2	-1.00	-
Pension Funds				
JRA/M&G Managed cap.	118.8	125.1	-0.70	-
JRA/M&G Managed acc.	123.7	130.3	-0.70	-
JRA/Scottish Amicable Mngd cap.	116.7	122.9	-0.50	-
JRA/Scottish Amicable Mngd acc.	121.6	128.1	-0.50	-
JRA/St James's Pl Mngd cap.	135.1	142.3	-0.50	-
JRA/St James's Pl Mngd Acc.	140.8	148.3	-0.50	-
Deposit cap.	100.6	105.9	—	-
Deposit acc.	104.7	110.3	—	-
Far East cap.	123.1	129.6	+2.10	-
Far East acc.	128.2	135.0	+2.20	-
Gilts cap.	107.5	113.2	-0.40	-
Gilts acc.	112.1	118.0	-0.40	-
Greater European cap.	117.1	123.3	+0.40	-
Greater European acc.	122.0	128.5	+0.40	-
North American cap.	128.1	134.9	+1.10	-
North American acc.	133.4	140.5	+1.10	-
UK Equity cap.	121.8	128.3	-1.20	-
UK Equity acc.	127.0	133.7	-1.20	-
Royal Heritage Life Assurance Ltd				
Peterborough Business Pk, PE2 6SG 0733 390000				
Multi Gwth.	837.9		-4.4	-
Multi Gwth A Cap.	411.3	432.9	—	-
Multi Gwth A Accum.	637.9	671.5	—	-
Op Prop.	413.4	435.2	—	-
Op Equity	874.0	920.0	-3.6	-
Op High Yld.	526.3	554.0	-1.0	-
Op Man.	717.7	755.5	-2.2	-
Op Dep.	372.5	392.2	—	-
Op Inc Dist.	209.3	220.4	-0.7	8.97
Op Int Man.	382.0	402.2	-0.2	-
Op Emerging Co's	449.0	472.7	-2.5	-
Op Money.	103.7	109.2	—	-
European	103.7	109.2	—	-
Pension Funds				
Property Ser B.	781.4	822.6	—	-
Equity Ser B.	2654.0	2793.7	-2.5	-
Fixed Interest Ser B.	990.1	1042.3	-1.6	-
Managed Ser B.	1341.5	1412.2	-0.6	-
Deposit Ser B.	790.9	832.6	—	-
Money Ser B.	104.0	109.5	—	-
Property Ser D	204.4		—	-
Equity Ser D	182.9		-0.1	-
Fixed Interest Ser D	290.3		-0.4	-
Managed Ser D	174.9		-0.1	-
Deposit Ser D	239.1		—	-
Money Ser D	111.4		—	-
Pension Unit Trust Funds				
Gartmore Global Ser B	223.4	235.2	+4.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Mutual Assurance plc - Contd.				
Gilts & Fxd Int Fund	181.6	191.2	+0.1	-
Index-Linked Fund	173.7	182.8	—	-
Property Fund	114.6	120.7	—	-
Cash Fund	165.3	174.1	—	-
Pens Safety Fnd.	251.7	265.0	-0.1	-
Pens Growth Fnd.	213.2	224.5	+0.3	-
Pens Opportunity Fnd.	218.3	229.8	-0.4	-
Pens W'wide Venture Fnd.	171.8	180.9	+0.6	-
Pens UK Equity Fnd	214.2	225.5	-0.1	-
Pens UK Smlr Co's Fnd.	165.6	174.4	-0.1	-
Pens European Fnd.	265.1	279.1	+2.0	-
Pens Far East Fnd.	279.4	294.2	+1.8	-
Pens Japanese Fnd.	118.0	124.3	-1.1	-
Pens Nth American Fnd.	273.9	288.4	+2.1	-
Pens International Fnd.	249.3	262.5	+0.8	-
Pens Gilts/Fxd Int Fnd.	212.7	223.9	—	-
Pens Index-linked Fnd.	178.0	187.4	—	-
Pens Property Fnd.	123.2	129.7	—	-
Pens Cash Fund	202.1	212.8	—	-
Pens Halifax Fnd.	211.5	222.7	+0.1	-
Scottish Provident Institution				
6 St Andrews Sq, Edinburgh 031-556 2327				
With-Profits	101.5	106.9	—	-
Managed	232.0	244.3	-0.2	-
Equity	245.1	258.1	+0.3	-
International	238.8	251.5	-1.0	-
Property	193.1	203.6	—	-
Fixed Interest	209.6	220.7	-0.4	-
Index-linked	172.2	181.3	—	-
Cash	178.0	187.5	—	-
American Performance	184.3	192.5	-0.1	-
Europe Performance	107.1	112.8	—	-
Far East Performance	102.2	107.7	-1.3	-
Worldwide Performance	113.4	119.5	-0.8	-
Money Market	117.1	135.7	—	-
Blue Chip	126.8	137.1	+0.1	-
Pens With-Profits Ord.	188.8	198.8	—	-
Pens Managed Ord.	278.4	293.2	—	-
Pens Equity Ord.	278.2	293.0	-0.2	-
Pens International Ord.	296.7	312.4	+0.3	-
Pens Property Ord.	242.4	255.3	—	-
Pens Fxd Interest Ord.	279.7	294.6	-0.4	-
Pens Index-lkd Ord.	187.6	197.6	—	-
Pens Cash Ord.	245.5	258.5	—	-
Pens American Perf Ord.	164.5	173.2	-0.1	-
Pens Europe Perf Ord.	98.6	103.9	-0.1	-
Pens Far East Perf Ord.	111.6	117.6	-1.4	-
Pens W'wide Perf Ord.	120.0	126.5	-0.7	-

	Bid Price	Offer Price	+ or -	Yield Gross
Sun Life Unit Assurance Ltd - Contd.				
Sun Life Pensions Management Ltd				
(Funds for individual pension contracts)				
Pens. Managed Acc.	965.4	1016.4	+1.6	-
Pens. Property Acc.	281.7	296.6	—	-
Pens. Equity Acc.	1545.5	1626.9	+0.3	-
Pens. F. Interest Acc.	436.8	459.8	+0.3	-
Pens. Cash Acc.	388.6	409.1	—	-
Pens. Internat. Acc.	564.5	594.3	+3.4	-
Pens. Amer. Equity Acc.	323.0	340.0	-0.4	-
Pens. Far Eastern Acc.	1061.9	1117.8	+13.7	-
Pens. Ind. Lnkd. Acc.	217.7	229.2	—	-
Pens. Japan Acc.	323.5	340.6	+6.7	-
Pens. Pacific Acc.	351.2	369.7	+4.1	-
Pens. Euro. Acc.	162.1	170.7	+0.3	-
Pens. Bldg Soc.	168.8	176.6	+0.1	-
Pens. Retirement Dist.	129.1	135.9	-0.3	-
Swiss Life (UK) PLC				
101 London Rd, Sevenoaks 0732 450161				
Group Pension Funds				
Equity Managed	£351.43	368.56	—	-
Fixed Int Managed	£325.42	327.05	—	-
Mixed Managed	£412.76	426.52	—	-
Cash Managed	£284.80	284.80	—	-
International Mngd.	£229.40	236.49	—	-
Europe Managed	£117.64	121.37	—	-
Index Tracking Mngd.	£126.08	132.71	—	-
Individual Pension Funds				
UK Equity Pension	£133.16	140.17	—	-
Fixed Int Pension	£149.65	157.52	—	-
Dep Admin Pension	£136.07	143.23	—	-
Mixed Pension	£127.86	134.61	—	-
Cash Pension	£130.92	137.81	—	-
Europe Pension	£103.90	109.37	—	-
Index Tracking Pension	£133.89	140.94	—	-
International PP	£113.62	119.60	—	-
Next sub day April 7				
Pioneer Funds				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managed Fund	317.4	334.2	—	-
Man Pens Inc & Cap Fds.	428.3	450.9	—	-
Money Fund	158.7	167.1	—	-
Pens Mngd Fd (Init)	127.6	134.4	—	-
Pens Mngd Fd (Acc)	198.2	208.4	—	-
Pens FT30 Fd (Init)	146.6	154.4	—	-
Pens FT30 Fd (Acc)	222.1	233.8	—	-
Pens O'seas Mgd(Init).	83.5	87.9	—	-
Pens O'seas Mgd(Acc).	126.5	133.2	—	-
Pens Fxd Int Fd (Init)	129.5	136.4	—	-

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 873 4378.

	Bid Price	Offer Price	+ or -	Yield Gross
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.37	12.28	—	-
B.F. Offshore Inc Fd Ltd	£12.19	12.70	—	-
IMC Offshore Fd	£9.99	10.02	—	-
Hanson Milnes WW S/S	£11.61	12.26	—	-

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey						0534 36633
AIB Currency Funds Ltd						
Intl Managed Bond	5		E-	22.7979 22.7980	—	-
Managed Capital Ecu	5		E-	22.6895 22.6916	—	-
AIB Dollar Currency Fund Limited						
Stg Mngd Currency	5		£-	11.1549	—	-
Sterling Currency Fd	5		£-	10.7282	—	-
Ecu Currency	5		Ecu-	11.1820	—	-
US Dollar Mngd Curr	5		$-	22.1325	—	-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI						0534 67888
Australian Eq (Inc)	5¼	£1.030	1.033	1.105	+0.03	0.6
Global Income (Inc)	5¼	£0.550	0.555	0.584	+0.05	2.2
Global Resources	5¼	£0.467	0.462	0.494	+0.03	0.10
Currency Funds						
Stg Premium Income		£10.08		10.07xd	—	5.5
Sterling			£-	25.65	+0.07	5.1
US Dollar			$-	32.67	—	1.8
Deutschemark			DM-	62.04	+0.01	7.2
Yen			Y-	4242	—	3.0
Managed Multicurrency			£-	15.37	15.92	—
Managed Multicurrency			$-	26.15	27.08	+0.01
Bond Funds						
Sterling Bond	3½		£-	0.438xd	0.455	-0.001 8.9

Capital House Fund Mgrs (CI) Ltd

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark weaker on rate hopes

THE D-MARK was weaker against the dollar and most European currencies yesterday amid expectations that the Bundesbank would cut the rate at which it offers wholesale funds to commercial banks in its weekly money market operation, *writes James Blitz.*

The Bundesbank yesterday announced a variable rate repurchase agreement – or repo – in this week's tenders. The lowest accepted rate last week was 8.17 per cent and there were strong expectations yesterday that the rate would be cut today to 8.10 per cent or lower.

Poorer-than-expected economic indicators in Germany also raised expectations that the Bundesbank would veer on the side of easing monetary policy today.

The unemployment level in western Germany in March rose by an adjusted 70,000 last month when the market had been expecting a 45,000 rise. Industrial orders for February were down 2.2 per cent on the month, when the market had been expecting a small net increase.

After drifting lower against the German currency on Monday, the dollar closed yesterday a touch stronger. It closed in London at DM1.6125, up nearly 1¾ pfennigs on the day.

However, some analysts continued to be bearish for the US currency in the medium term.

The economics team at James Capel in London says the dollar's bull run is at an end for the time being. Their economists suggest that the recent break through the DM1.60 level should lead to a sell-off to DM1.54 and, if this level fails to hold, to DM1.51.

However, they also believe the prospect of higher US inflation in the second half of 1993 might lead to higher short-term US interest rates and a rise to DM1.80 by the year-end.

The prospects of lower German rates also gave another lift to the French franc, which broke through the FFr3.39 level against the D-Mark in the European morning and spent much of the day on firm ground. The franc closed in London at FFr3.384 from a previous close of FFr3.391.

Some dealers reported that the Bank of France had intervened in the market, buying the French currency when it looked set to break through critical chart points.

Overall, however, the franc was underpinned by expectations that the French authorities would cut official interest rates tomorrow, when the Bank of France operates in the money market, depending on how much the Bundesbank eases policy today.

The Italian lira performed more strongly against the D-Mark in the European afternoon after being pushed towards the L996.00 level by the continuing political turmoil in Italy. The Italian currency closed at L988.9 from a previous L993.0

Sterling also enjoyed a strong performance against the D-Mark, closing up 1¼ pfennigs at DM2.4425.

£ IN NEW YORK

Apr.6	Latest	Previous Close
£ Spot	1.5155-1.5165	1.5205 1.5215
1 month	0.37-0.36pm	0.35 0.34pm
3 months	1.02-1.00pm	1.02 1.00pm
12 months	3.32-3.25pm	3.30 3.20pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.6	Previous
8.30 am	79.5	79.8
9.00 am	79.5	79.7
10.00 am	79.6	79.6
11.00 am	79.7	79.7
Noon	79.7	79.6
1.00 pm	79.7	79.8
2.00 pm	79.6	79.6
3.00 pm	79.6	79.6
4.00 pm	79.7	79.6

CURRENCY RATES

Apr 6	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.929824	0.797430
U S Dollar	3.00	1.40509	1.20851
Canadian $	8.09	1.77379	1.52223
Austrian Sch	7.00	15.8171	13.6525
Belgian Franc	7.00	46.2907	39.9653
Danish Krone	10.00	8.63498	7.45527
D-Mark	7.50	2.24800	1.94001
Dutch Guilder	7.00	2.52563	2.18075
French Franc	10	7.62964	6.57246
Italian Lira	11.50	2233.81	1926.12
Japanese Yen	2.50	160.040	138.193
Norway Krone	-	9.56375	8.27826
Spanish Peseta	-	160.630	138.978
Swedish Krona	11.50	N/A	9.22754
Swiss Franc	5.00	2.08038	1.79221
Greek Drach	19	N/A	264.542
Irish Punt	-	N/A	0.798169

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Apr.5

CURRENCY MOVEMENTS

Apr 6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	79.7	-30.79
U.S Dollar	65.1	-13.20
Canadian Dollar	95.5	-6.85
Austrian Schilling	115.9	+17.66
[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

Apr 6	£	$
[illegible]	[illegible]	[illegible]
Korea(Sth)	1200.05 - 1219.40	792.50 - 798.70
Kuwait	0.45700 - 0.45800	0.30180 - 0.30230
Luxembourg	50.20 - 50.30	33.15 - 33.25
Malaysia	3.8995 - 3.9100	2.5800 - 2.5810
Mexico	4.6795 - 4.6830	3.0920 - 3.0940
N.Zealand	2.8410 - 2.8445	1.8770 - 1.8795
Saudi Ar	5.6675 - 5.6785	3.7495 - 3.7506
Singapore	2.4585 - 2.4625	1.6255 - 1.6265
S.Af (Cm)	4.8095 - 4.8245	3.1800 - 3.1820
S.Af (Fn)	6.8560 - 6.8865	4.5300 - 4.5500
Taiwan	39.40 - 39.55	26.05 - 26.15
U.A.E.	5.5490 - 5.5630	3.6715 - 3.6735

*Floating rate. Iran Official rate £98.50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.978	-2.23	2.63	35
Irish Punt	0.809996	0.798169	-1.71	2.09	54
Dutch Guilder	2.20045	2.18075	-0.90	1.25	19
Belgian Franc	40.2802	39.9653	-0.78	1.14	13
D-Mark	1.95294	1.94001	-0.66	1.01	10
Portuguese Escudo	180.624	179.741	-0.49	0.84	4
Danish Krone	7.44934	7.45527	0.08	0.28	-27
French Franc	6.54988	6.57246	0.34	0.00	-48

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5070 - 1.5170	1.5135 - 1.5145	0.38-0.36cpm	2.93	1.03-1.00pm	2.68
Canada	1.9010 - 1.9200	1.9060 - 1.9070	0.17-0.06cpm	0.72	0.25-0.07pm	0.34
Netherlands	2.7180 - 2.7500	2.7400 - 2.7500	¼-½cdis	-1.91	7-1¼dis	-1.64
Belgium	49.80 - 50.30	50.20 - 50.30	8-12cdis	-2.39	27-32dis	-2.35
Denmark	9.2950 - 9.3875	9.3775 - 9.3875	2⅝-6¼oredis	-4.98	11-14¼dis	-5.38
Ireland	0.9930 - 1.0015	0.9995 - 1.0005	0.20-0.26cdis	-2.76	0.70-0.79dis	-2.98
Germany	2.4165 - 2.4450	2.4400 - 2.4450	⅜-⅝pfdis	-2.46	1⅛-1⅜dis	-2.05
Portugal	223.30 - 226.90	225.90 - 226.90	215-285cdis	-13.25	487-715dis	-10.62
Spain	172.15 - 175.00	174.70 - 175.00	104-121cdis	-7.72	320-345dis	-7.61
Italy	2394.90 - 2420.90	2415.00 - 2416.00	11-13liredis	-5.96	34-37dis	-5.88
Norway	10.2890 - 10.4150	10.4050 - 10.4150	⅞-3½oredis	-2.49	5⅛-6⅞dis	-2.64
France	8.1985 - 8.2740	8.2625 - 8.2725	3-3½cdis	-4.72	7¼-8¼dis	-3.87
Sweden	11.4470 - 11.5880	11.5500 - 11.5600	2¼-6½oredis	-4.28	9½-12¼dis	-3.74
Japan	171.90 - 173.75	172.00 - 173.00	½-⅝ypm	3.04	1¼-1⅛pm	2.75
Austria	16.98 - 17.19	17.15 - 17.18	2½-3⅛grodis	-2.01	6⅛-7⅞dis	-1.63
Switzerland	2.2365 - 2.2800	2.2500 - 2.2600	¼-parpm	0.67	½-¼pm	0.67
Ecu	1.2505 - 1.2566	1.2555 - 1.2565	0.34-0.39cdis	-3.49	1.02-1.08dis	-3.34

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.90-1.85pm . 12 Month 3.30-3.20pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5070 - 1.5170	1.5135 - 1.5145	0.38-0.36cpm	2.93	1.03-1.00pm	2.68
Ireland†	1.5085 - 1.5195	1.5095 - 1.5105	0.75-0.70cpm	5.76	2.20-2.10pm	5.70
Canada	1.2575 - 1.2635	1.2590 - 1.2600	0.21-0.26cdis	-2.24	0.70-0.76dis	-2.32
Netherlands	1.8015 - 1.8135	1.8125 - 1.8135	0.75-0.77cdis	-5.03	1.96-2.00dis	-4.37
Belgium	33.00 - 33.25	33.15 - 33.25	15.00-18.00cdis	-5.80	40.00-43.00dis	-5.00
Denmark	6.1590 - 6.2000	6.1950 - 6.2000	3.50-5.00oredis	-8.23	12.00-13.50dis	-8.23
Germany	1.6000 - 1.6145	1.6120 - 1.6130	0.72-0.73pfdis	-5.40	1.89-1.92dis	-4.73
Portugal	148.50 - 149.50	149.40 - 149.60	210-225cdis	-17.48	500-530dis	-13.78
Spain	114.70 - 115.55	115.45 - 115.55	105-108cdis	-11.06	308-312dis	-10.70
Italy	1584.50 - 1598.50	1595.25 - 1595.75	11.60-12.50liredis	-9.14	33.80-35.30dis	-8.66
Norway	6.8035 - 6.8775	6.8725 - 6.8775	2.95-3.35oredis	-5.50	9.00-9.65dis	-5.43
France	5.4350 - 5.4625	5.4575 - 5.4625	3.30-3.50cdis	-7.48	8.70-9.10dis	-6.52
Sweden	7.5800 - 7.6615	7.6300 - 7.6350	4.30-4.90oredis	-7.23	12.00-12.80dis	-6.50
Japan	113.65 - 114.70	113.85 - 113.95	par-0.01ydis	-0.05	0.01dis-par	-0.02
Austria	11.2700 - 11.3450	11.3400 - 11.3450	4.55-4.80grodis	-4.95	11.75-12.55dis	-4.28
Switzerland	1.4815 - 1.4910	1.4885 - 1.4895	0.29-0.32cdis	-2.46	0.70-0.74dis	-1.93
Ecu†	1.2030 - 1.2115	1.2040 - 1.2050	0.86-0.85cpm	8.53	1.76-1.74pm	5.81

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Apr 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Apr.6	£	$	DM	YEN	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.514	2.443	172.5	8.288	2.255	2.74[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.661	1	1.614	113.9	5.467	1.489	1.81[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.409	0.620	1	70.61	3.384	0.923	1.12[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	5.797	8.777	14.18	1000.	47.93	13.07	15.9[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.209	1.831	2.955	208.6	10.	2.727	3.32[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.443	0.671	1.083	76.50	3.667	1	1.217	1071	0.848	22.28	77.56	0.557
N Fl.	0.364	0.552	0.890	62.84	3.012	0.821	1	880.1	0.695	18.31	63.72	0.458
Lira	0.414	0.627	1.011	71.40	3.422	0.933	1.136	1000.	0.789	20.80	72.39	0.520
C $	0.524	0.794	1.281	90.46	4.336	1.182	1.439	1267	1	26.35	91.77	0.659
B Fr.	1.990	3.013	4.862	343.3	16.45	4.486	5.463	4808	3.795	100.	348.1	2.500
Pta	0.572	0.866	1.397	98.63	4.727	1.289	1.569	1381	1.090	28.73	100.	0.718
Ecu	0.796	1.205	1.945	137.3	6.583	1.795	2.186	1924	1.518	40.01	139.3	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls May	Calls June	Calls September	Puts May	Puts June	Puts September
115	-	2.78	3.16	-	0.10	0.48
116	-	1.93	-	0.07	0.19	0.70
117	0.92	1.16	1.74	0.19	0.41	1.02
118	0.34	0.57	1.26	0.06	-	1.48
119	0.08	0.23	0.82	-	-	2.01
Open Int	16,108	182,457	77,615	13,230	136,290	41,218

Estimated volume 56,644 † Total Open Interest 481,225
† All Yield & Open Interest figures are for the previous day.

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5140	1.5103	1.5039	1.4953	1.4815

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

An easier atmosphere

THERE was an easier atmosphere in European cash and futures markets yesterday after the Bundesbank announced that it would be offering wholesale funds to commercial banks this week at variable rates, *writes James Blitz.*

The Bundesbank said that it would offer a variable rate repurchase agreement – or repo – in this week's tenders for 14 days and 35 days. The lowest accepted rate last week was for 8.17 per cent. There were strong expectations that the rate would be shaved to around 8.10 per cent this morning or even to 8.05 per cent.

UK clearing bank base lending rate 6 per cent from 26 January 1993

News of the variable rate offer had a positive effect on German cash and futures markets. The interest rate on German call money dropped to about 8.15 per cent, helped by adequate reserves among German banks.

Euromark contracts were higher right across the board. The June contract rose 7 basis points on the day to close at 92.84, while the September contract also rose 7 basis points to close at 93.74.

In spite of this more optimistic mood, there was talk that some banks might offer to buy funds at comparatively high rates to be sure of getting adequate liquidity. This is only the second month of the Bundesbank's new and less rigid minimum reserve requirements and some banks are concerned not to fall foul of the new arrangements.

The announcement of the variable rate repo had a positive impact on French franc markets.

One month French francs fell from about 10.25 per cent at the start of the day to 10 per cent by the close. Three-month money also fell from about 9.75 per cent to about 9.5 per cent, bringing the spread between 3 month D-Marks and 3-month French francs down to 156 basis points.

The June French franc futures contract closed 2 basis points higher on the day at 91.80. There are strong expectations that the Bank of France will bring down the interest rate on its 5-10 day lending window, currently at 12 per cent tomorrow.

Cash rates in the sterling money markets softened again on an easier day in the discount market. The Bank of England forecast a shortage of £850m. Three-month deposit rates closed at around 5¾ per cent having been at 5 15/16 per cent on Monday night.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.6)	3 months US dollars		6 months US Dollars	
	bid 3⅛	offer 3¼	bid 3¼	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.95	Three year	4.40
Broker loan rate	5	Two month	3.02	Five year	5.28
Fed.funds	3	Three month	2.98	Seven year	5.75
Fed.funds at intervention	3⅛	Six month	3.10	10-year	6.13
		One year	3.31	30-year	7.01
		Two year	3.97		

Apr.6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.10-8.20	8.20-8.30	8.00-8.10	7.85-8.00	7.45-7.60	9.00
Paris	10 1/16-10 3/16	10-10¼	-	9⅝-9⅞	-	9.10
Zurich	5⅛-5⅝	5 5/16-5 7/16	-	5 3/16-5 5/16	-	-
Amsterdam	7.87-8.00	7.85-7.90	-	7.52-7.57	-	-
Tokyo	3 5/16-3 7/16	-	-	-	-	-
Milan	12⅛	11 13/16-11¾	-	11 13/16-11⅞	-	-
Brussels	8.31-8.43	8⅜-8½	-	8¼-8⅜	-	-
Dublin	8¾-8⅞	9-9⅛	9-9⅛	8⅞-9	8¾-9	-

LONDON MONEY RATES

Apr 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6¼	5⅞	5 13/16	5 13/16	5 13/16	5 13/16
Interbank Bid	5	5½	5 11/16	5 11/16	5 11/16	5 11/16
Sterling CDs	-	-	5 11/16	5 11/16	5 11/16	5 11/16
Local Authority Deps.	6	5⅞	5 13/16	5¾	5 13/16	5 13/16
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6	6	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5 13/16	5⅞	5⅞	5⅞
Treasury Bills (Buy)	-	-	5 9/16	5 9/16	5½	-
Bank Bills (Buy)	-	-	5⅝	5⅝	5⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.99	3.03	3.11	3.37
SDR Linked Dep. Offer	-	-	5	4⅞	4¼	4⅝
SDR Linked Dep. Bid	-	-	4⅞	4¼	4⅛	4⅛
ECU Linked Dep. Offer	-	-	9½	9¼	8 13/16	8⅛
ECU Linked Dep. Bid	-	-	9⅜	9⅛	8⅝	7 15/16

Treasury Bills (sell): one-month 5⅝ per cent; three months 5¾ per cent; six months 5⅞ per cent; Bank Bills (sell): one-month 5 11/16 per cent; three months 5⅝ per cent; Treasury Bills: Average tender rate of discount 5.3346 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31 ,1993 . Agreed rates for period April 26, 1993 to May 25 , 1993, Scheme I: 7.36 p.c., Schemes II & III: 7.28 p.c. Reference rate for period Feb 27, 1993 to March 31 , 1993, Scheme IV&V: 6.028 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6½ from April 1 , 1993.Bank Deposit Rate for sums at 7 days notice 5⅜ p.c.:Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ p.c.; one-three months 5¼ p.c.; three-six months 6 p.c.; six-nine months 4¼ p.c.; nine-twelve months 4½ p.c.; Under £100,000 2¾ p.c. from Jan.27, 1993. Deposits withdrawn for cash 1¼p.c.

MONEY MARKET FUNDS

Money Market Trust Funds

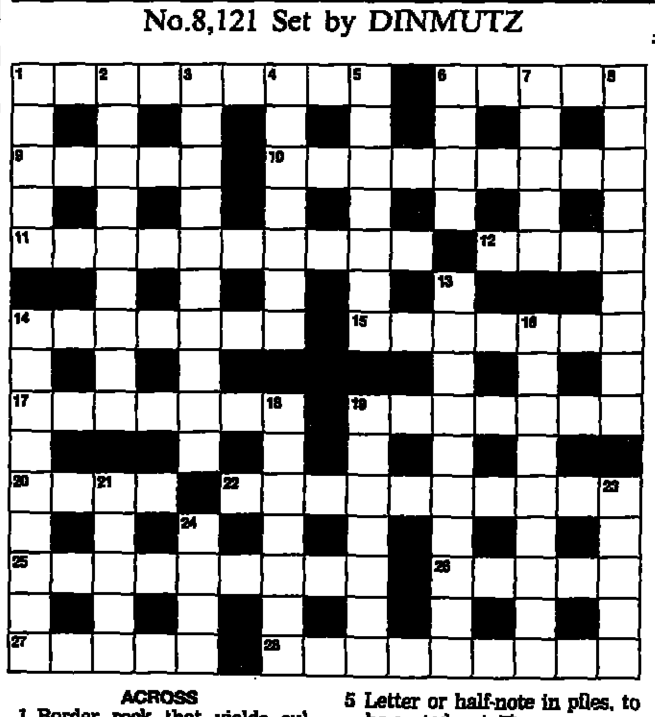
[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,121 Set by DINMUTZ



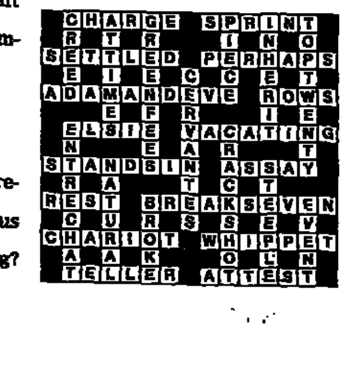
ACROSS

1 Border rock that yields sulphur (9)
6 Oval's not right for these shots (5)
9 Shrink retires where, in France, there is something small and elegant (5)
10 Stew served in case fries are disastrous (9)
11 Pledge nothing in gold-rush town! (10)
12 Impoverished pair clutching another pair (4)
14 Record hit possibly – and in French appellation (7)
15 I, for one (7)
17 Crackers out of the band? (7)
19 Do they not stay long in the bird-bath? (7)
20 State of headless female (4)
22 Lay author? (10)
25 Bold action, doing wrong in strangely odd environment (7-2)
26 Muse of a versifier at Olympus? (5)
27 Early sort of race (5)
28 Rustics eating hot birds (9)

DOWN

1 Sylvan innocents? (5)
2 Perhaps join in, etc., for preventative treatment (9)
3 It is a heavy instrument (thus states blower) (10)
4 Like a policeman resting? That is novel! (7)
5 Letter or half-note in piles, to be sorted out (7)
6 Tarry rope .... (4)
7 .... thrown over by cowboy for lady-love (5)
8 Exaggerates the number of deliveries per hour (9)
13 She may be spotted in Leeds, or spa resort (10)
14 Colour yarn to do delicate needlework (9)
16 Regards following trouble in Reading, say? (9)
18 Rough-and-ready dental work (7)
19 But can it be trained to come out in the garden? (3-4)
21 Cruel time in the waste land, we hear (5)
23 Othello retired to south, in digs (5)
24 Neat drawer for papers? (4)

Solution to Puzzle No.8,120



مكتبة الأصل

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

ITALY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

CANADA

TORONTO

4 pm close April 6

Quotations in cents unless marked $

[illegible]

MONTREAL

4 pm close April 6

[illegible]

INDICES

NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

TRADING ACTIVITY

[illegible]

CANADA

TORONTO

[illegible]

[illegible]

TOKYO - Most Active Stocks

Tuesday April 6, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsui Mining	20.3m	520	-1	Dowa Mining	9.9m	667	+31
Fujikura	19.1m	1,090	+67	Obayashi	9.5m	695	-22
NPN Steel	16.8m	398	-7	Mitsubishi Hvy	9.2m	667	-21
Isuzu Motor	13.4m	537	+7	Kawasaki Hvy	8.7m	458	-5
Furukawa Elec	11.5m	735	+25	Sumitomo Mtl Min	7.4m	826	-18

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FINANCIAL TIMES

FAR MORE THAN FINANCE.

4 pm close April 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
13¼	11½	AAR Corp	0.48	4.0	22	102	12¼	12⅛	12⅛	-⅛
27¼	20	A L Labs A x	0.18	0.8	37	129	23⅜	22¾	23	+¼
61⅜	54⅝	AMP Inc	1.60	2.7	21	1288	60	59⅝	59⅞	+¾
70¼	55½	AMR			10	3442	65⅞	64¾	65¾	+⅞
2	1¾	ARX			10	36	1¾	d1¾	1¾	
42½	29⅞	ASA	2.00	4.9	26	589	41¾	40½	40¾	-1⅛
30¾	22⅝	Abbott Lab	0.68	2.7	17	7680	25¾	24⅞	25	-¾
12⅝	10¼	Abitibi Pr	0.50	4.4	3	10	11½	11⅜	11⅜	-¼
11⅜	10¾	ACM Gvt In x	0.96	8.7		449	11⅛	11	11	
9¾	9⅛	ACM GvOpp x	0.79	8.4		78	9⅜	9¼	9⅜	
9⅝	8¾	ACM Gvt Sp x	0.79	8.4		100	9⅜	9¼	9⅜	
11⅜	10½	ACM Gvt Se	0.96	8.7		125	11⅛	11	11	-⅛
10⅞	9⅝	ACM Man x	1.08	10.2		123	10⅝	10½	10⅝	
9⅜	8⅝	ACM Mangd x	0.72	7.8		187	9¼	9⅛	9¼	+⅛
8⅞	7¾	Acme Cleve	0.40	5.0	17	36	8	8	8	+⅛
9¼	6½	Acme Elect			725	21	7½	7¼	7¼	-¼
16	12⅛	Acuson			12	212	13⅛	13	13	-⅛
22¼	19⅝	Adams Expr	0.48	2.2	1	189	21⅜	21⅛	21⅜	+⅛
52⅞	45½	Ad Micro	3.00	5.8		392	52⅛	51¼	51⅝	+1¾
24⅜	17⅝	Ad Micro P	3.00	12.8	92	1441	24	23¼	23½	+1¼
7¾	5½	Advest Grp	0.16	2.3	14	67	7	6⅞	6⅞	-⅛
49⅜	41⅛	Aegon ADR	1.35	2.9	8	100	46⅞	46¼	46⅞	+¾
53¾	43⅜	Aetna Lf	2.76	5.5	997	2864	49⅞	49	49⅞	+⅞
14½	11½	Affil A	0.26	2.1	30	403	12⅛	12	12⅛	+⅛
36⅞	33	Aflac	0.44	1.3	15	471	35⅜	34¾	35	+⅜
22⅛	17¼	Ahmanson	0.88	4.7	9	766	19	18⅝	18¾	
[illegible]										
25	22	Bq Tr 1838	2.20	8.8		17	24⅞	24⅞	24⅞	
18⅝	15¾	Bear Stns	0.60	3.4	6	3898	18	17⅝	17⅞	-⅛
48	45½	BearStPfA x	3.02	6.4		2100	46¾	46¾	47½	-¼
23½	20½	Bearings	0.64	2.7	187	38	u23¾	23½	23¾	+½
25½	21⅞	Beckman In	0.36	1.6	14	159	22⅝	22½	22½	
40¾	34	Becton Dks	0.66	2.0	12	1133	35¼	d33⅝	33⅝	-1¼
35	30	Belding Hy	0.64	2.0	36	35	31⅝	31½	31½	
56¾	49⅝	Bell Atlan	2.68	4.9	17	4835	55¼	53⅞	55¼	+1⅛

Continued on next page

4 pm close April 6

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	17¾	S Anita Rt	1.38	7.1	28	148	19¼	18¾	19¼	-¼
20¾	17	SCOR US Cp	0.32	1.6	49	6	19⅝	19⅝	19¾	
24¾	20	SPS Techno	1.28	5.2	17	30	24½	24¼	24½	+⅛
19⅞	12⅞	Sabine Rit	1.16	8.4	10	47	u13⅞	13⅝	13¾	
12⅞	8⅞	Safecard	0.10	0.9	14	659	11½	11¼	11½	+⅛
23½	17	Safeg'd Sc			11	19	22¼	22⅛	22¼	+⅛
24¾	18⅞	SafetyKln	0.36	1.8	25	3478	19⅞	d19⅜	19¾	+¾
14⅝	10⅞	Safeway			16	3133	14¼	13⅝	13¾	-½
3	2	SafewayWt96				53	2⅞	2¾	2¾	-⅛
44½	37½	StJoePaper	0.20	0.5	80	63	41¼	40¾	41	-⅛
37½	31	StJoeL&P	1.76	4.7	16	14	u37½	37	37¼	-¼
83¼	75	St Paul's x	2.80	3.5	20	186	80	79¾	79⅞	+⅛
9⅝	8¼	Salant Crp			5	150	8⅝	8⅝	8⅝	-¼
75¼	42½	Sallie Mae	1.20	2.6	11	4961	47⅞	46½	46¾	+⅝
13⅞	13	Salomon Br	0.61	4.6		415	13½	13¼	13¼	-⅛
41⅞	35¾	Salomonlnc	0.64	1.7	8	2428	37⅞	37¼	37½	+⅛
28⅝	23¼	SanDgo G&E	1.48	5.7	14	192	26	25¾	25⅞	-¼
4⅞	3½	SantaFeEDs x	0.40	10.3	43	81	4	3⅞	3⅞	-⅛
11	9⅛	SantaFeEPs x	0.16	1.5	155	899	10⅞	10⅝	10⅞	+⅛
39¾	35¾	SantaFePac	2.80	7.4	13	44	37⅞	37⅝	37⅞	+⅛
15⅝	12¾	SantaFeStn	0.10	0.7	45	7104	15½	14⅞	15⅜	+½
31⅛	26½	Sara Lee	0.58	2.2	19	18781	26⅞	d26⅛	26⅜	-⅛
46½	40⅛	Scana Corp	2.74	6.0	16	111	45½	45¼	45½	+⅛
49⅝	43	Scecorp x	2.80	5.9	14	1837	47⅞	46½	47⅜	+⅞
38⅞	23⅞	ScherefRP			23	3031	25⅝	25⅛	25⅝	+¼

AMEX COMPOSITE PRICES

4 pm close April 6

NASDAQ NATIONAL MARKET

4 pm close April 6

FINANCIAL TIMES Wednesday April 7 1993

AMERICA

Dow becalmed ahead of inflation data

Wall Street

MIXED trading patterns dominated the morning session yesterday, with consumer stocks continuing to slide but oil shares generally moving higher, *writes Nikki Tait in New York.*

By 1 pm, the Dow Jones Industrial Average was showing a modest 1.08 gain, at 3,380.27, while the more broadly-based Standard & Poor's 500 stock index was 1.14 lower at 441.15 and the Nasdaq composite index, which measures the over-the-counter market, 1.70 lower at 669.01. Trading volume during the morning was about 170m shares, with the number of declining stocks outweighing advances by a small margin.

In terms of general economic trends, the stockmarket remains focused on the inflation numbers due to be released on Thursday and Friday, and it paid little attention to yesterday's wholesale sales figures, or to the big car-makers' relatively cheerful March sales data which was released on Monday afternoon.

But many of the larger consumer products companies continued to drift lower, as investors fretted about the strength of "brand loyalties" generally – a concern triggered by Philip Morris's decision to defend the market share position of its best-selling Marlboro label at an enormous cost to profits. Coca-Cola, for example, fell $1⅛ to $39⅜, while PepsiCo, its big soft drinks rival, lost $1 at $39½. Colgate-Palmolive was $2⅝ lower at $59½, while Procter & Gamble slipped by $1⅛, at $45⅞.

In the tobacco sector itself, Philip Morris continued to lose ground, dropping $1⅝ to $48⅝. RJR Nabisco eased another $⅛, to $6, while American Brands gave up $⅝ at $29⅝.

Wal-Mart Stores, the top-selling US retailer, also shed $1⅝ yesterday, in fairly heavy trading; there have been concerns recently that the company may not be able to sustain its phenomenal growth record.

Many medical stocks were sliding. Among the biggest losers was US Surgical, down $3⅞ to $48⅞. The broker, Hambrecht & Quist downgraded its rating on the stock to "hold" from "buy".

In the auto sector, the three Detroit manufacturers put up a strong performance in the aftermath of Monday's sales figures. General Motors gained $⅝ at $38⅝, and Chrysler added $1⅛ at $40¼. Ford was $1⅞ higher, at $53⅞.

Oil stocks, meanwhile, continued to build on Monday's gains, with Chevron advancing by $1⅛ to $85, and Texaco gaining $⅝ at $65⅝. Exxon improved by $⅞ at $67⅞. Turner Broadcasting's "B" shares also jumped sharply, by $1⅞ to $24¼ on reports that Time Warner and Tele-Communications – both big shareholders in Turner – may divide the company's assets.

However, the first major company to issue first quarter earnings figures, Corning, hardly got the reporting season off to an auspicious start. The New York State-based glass company saw its shares slip $1⅞ to $32¼, on news that first quarter profits before extraordinary items were down from $65m to $47.2m.

Canada

TORONTO was mixed in moderate volume, a retreat in gold shares offseting gains in industrial and oil and gas companies as the TSE-300 composite index rose just 0.75 to 3,605.11 in volume of 33.6m.

Companies with links to a diamond mining play in the Northwest Territories dominated activity.

Active stocks included the diamond miner, Pure Gold Resources, up C$0.01 at C$0.61 in over 3.5m shares as market optimism over the spring drilling season grows.

EUROPE

Bourses recover after four days of decline

THE broadly-based gain in bourses yesterday followed four days of decline, and coincided with hopes of interest rate cuts in a number of capitals, *writes Our Markets Staff.*

PARIS ended just short of its best after late arbitrage buying reinforced the positive effect of firmer bonds and the franc's rise to a one-month high against the D-Mark. The CAC-40 index rose 20.65, or 1.05 per cent to 1,995.33 in turnover of about FFr2.2bn.

It was not all one-way traffic. Carrefour, the hypermarket retailer, rose FFr63 to FFr2698 up after its March sales figures showed a rise of 12.9 per cent. However, Pechiney International, in packaging and aeronautical parts, fell FFr10.50 to FFr220.50 on an 11 per cent drop in 1992 operating profits.

Looking ahead, Alcatel rose FFr9 to FFr671 on expectations of a 12 per cent rise in net profits today. A drop in Thomson-CSF profits came after the market closed, and the shares ended only 70 centimes down at FFr166.50.

FRANKFURT balanced a firmer bond market, and buying of BMW and Volkswagen against poor results and prospects from Daimler. The DAX index closed 6.71 higher at 1,665.40 as turnover rose from DM4.7bn to DM5.9bn.

Daimler dropped 2.4 per cent as its DVFA earnings fell from DM55.40 a share to DM29.60 for 1992. The shares closed DM14.50 lower at DM580.50 with Mercedes, still closing the gap which will disappear when the two companies are merged, DM10.50 down at DM564.

BMW and VW rose by DM4.90 to DM315.90, and DM14 to DM488 respectively. There was a theory that with the amalgamation of Mercedes stock, investors will want to reduce potentially overweight Daimler holdings and plump for the other two majors instead.

In steels, Thyssen rose DM4.50 to DM179, following recent strength in Krupp Hoesch, on a blue skies view of recovery prospects if the German steel industry is restructered, perhaps into only three major suppliers.

AMSTERDAM, looking to Germany to give an interest rate lead, moved ahead although trading was thin and small deals were enough to lift prices. The CBS Tendency index added 1.3 to 108.0.

Chemical stocks were bought partly on options-related interest, with DSM rising Fl 2.60 to Fl 87.20 and Akzo up Fl 1.90 to Fl 150.50. Unilever was the only blue-chip to end lower, losing Fl 1.10 to Fl 209.10 amid rumours that some UK brokerages have downgraded the stock.

Pakhoed, the tank storage company, fell Fl 2.10 to Fl 38.60 after a drop in 1992 earnings and a forecast of lower profits for 1993.

MILAN saw renewed buying by foreign investors and short-covering by domestic traders ahead of the Easter weekend. The Comit index rose 6.98 to 485.55. Mutual funds data for March, which showed a net inflow of L358bn into equities after February's L15bn outflow, also boosted sentiment.

Blue chips were among the main beneficiaries. Fiat fixed L30 lower at L5,670 but firmed to L5,790 on the kerb while Generali fixed L410 higher at L33,700 and rose to L34,475 after-hours. Pirelli added L32 to L1,371 in response to Monday's sale of its stake in Continental.

Telecommunications stocks continued to be bolstered by plans to restructure the sector and privatisation candidates were also firm.

ZURICH moved back into record territory with investors encouraged by lower money market rates and the firmer tone of the dollar. The SMI index rose 12.1 to an all-time high of 2,196.0.

The general mood improved by an inflation rate of 3.6 per cent while lower interest rates helped the banks.

MADRID extended its gentle downward correction to a fifth day, the general index closing 0.60 lower at 236.68 against a year's high of 241.50 a week earlier. One Madrid trader said that political concerns about the ruling Socialist party are beginning to weigh on Spain's equity and bond markets.

BRUSSELS closed off its mid-afternoon highs as the oil major, Petrofina, which rose 2.5 per cent in mid-afternoon on takeover speculation, saw a late sell-off which limited the gain to BFr180, or 1.7 per cent at BFr8,980.

The Bel-20 index closed 10.79 higher at 1,266.83. Petrofina was boosted by plans to narrow its stake declaration threshhold from 5 to 3 per cent, soon after news that the French oil group, Elf Aquitaine, had bought a stake of less than 5 per cent.

VIENNA went back on the upgrade, the ATX index rising 9.28, or 1.2 per cent to 778.31 although traders said that the rise was mainly technical, and in thin volume.

OSLO rose 1.5 per cent, helped by lower interest rates and strength in the dollar against the Norwegian crown, the all-share index closing 6.73 higher at 447.79 in turnover of NKr254.4m.

HELSINKI saw continued strong gains in Nokia, the technology group, FM6 higher at FM148 following Monday's news of a large order from Germany. The Hex index rose 17.8, or 1.7 per cent to 1,048.7, up 25 per cent in local currency terms this year.

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

April 6 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1143.38	1143.01	1143.84	1145.10	1145.35	1146.40	1148.41	1147.43
FT-SE Eurotrack 200	1209.81	1209.11	1210.33	1210.36	1210.45	1210.68	1211.32	1210.05

	Apr 5	Apr 2	Apr 1	Mar 31	Mar 30
FT-SE Eurotrack 100	1136.15	1140.36	1144.81	1149.13	1152.62
FT-SE Eurotrack 200	1202.24	1215.52	1219.86	1220.16	1219.87

Base value 1000 (26/10/90) High/day: 100 - 1148.72, 200 - 1212.74 Low/day: 100 - 1142.88 200 - 1208.50

ASIA PACIFIC

Singapore hits third straight peak

Tokyo

SHARE PRICES gave way to profit-taking by financial institutions, and the Nikkei average lost ground for the first time in four trading days, *writes Emiko Terazono in Tokyo.*

The index shed 272.66 to 19,486.80, after rising by 6.3 per cent during the previous three days. It opened at the day's best of 19,748.92 and profit-taking and arbitrage-related selling pushed it down to a low for the session of 19,386.71.

Volume fell to 720m shares from 1.19bn, as dealers and foreigners took to the sidelines. Declines led advances by 704 to 348, with 129 issues unchanged. The Topix index of all first section stocks retreated 21.88 to 1,529.47, but in London the ISE/Nikkei 50 index firmed 1.10 to 1,197.69.

Some brokers welcomed the fall, adding that the market was overheating. Foreign investors were seen purchasing shares, while domestic institutions remain net sellers. "We expect to keep our money in cash for a while," commented one Japanese fund manager. However, traders said overall sentiment remained firm. "The consensus is that the market will continue to advance," said Baring Securities.

Electric power issues were the worst performers of the day, declining 4.24 per cent on profit-taking. Tokyo Electric Power showed some resistance to the trend, losing just Y10 to Y4,090. Gas utilities were also weak, the sector dropping 3.43 per cent.

Brokerage shares, which led the recent rally on hopes of better earnings due to higher market volumes, receded on profit-taking. Nomura Securities finished Y70 down at Y2,180 and Daiwa Securities Y50 off at Y1,340.

High technology issues were lower, with Toshiba down Y15 to Y720 and Fujitsu falling Y11 to Y650. Nippon Telegraph and Telephone weathered profit-taking and advanced Y40,000 to Y1.04m. Telecom-related shares were also popular, with Fujikura appreciating Y67 to Y1,030 and Nippon Comsys adding Y50 at Y1,270.

Reports of a gold vein discovery boosted Dowa Mining, which ended Y31 ahead at Y667. However, Mitsui Mining and Smelting, which had been strong on higher gold prices, lost momentum, closing Y1 easier at Y520; Sumitomo Metal Mining weakened Y18 to Y826.

Fishery and drug stocks were sought as laggards relative to the Nikkei's rise. Yamanouchi Pharmaceutical put on Y50 at Y2,350 and Daiichi Pharmaceutical Y40 at Y1,620.

In Osaka, the OSE average slipped 258.85 to 21,167.44 in volume of 34.7m shares. Increasing cautiousness prompted light profit-taking.

Roundup

SOME strong performances were seen on the Pacific Rim, although trading was punctuated by market closures. Bangkok was on holiday yesterday, celebrating Chakri Day, while Bombay remained closed to facilitate settlement.

SINGAPORE posted its third consecutive record close, analysts believing that the market has every chance of maintaining its momentum. The Straits Times Industrial index gained 9.96 at 1,710.78, having peaked at an intraday all-time high of 1,711.40. Volume, however, shrank to 254.72m shares from Monday's record 426.76m.

The rise came as the latest quarterly investment review from Merrill Lynch, the US investment house, recommended investors to increase their weightings for Singapore.

Malaysian stocks traded over the counter were said to be consolidating recent gains.

MANILA was also firm, with prices extending Monday's rally on the law giving President Fidel Ramos special legislative powers to tackle the country's energy crisis. The composite index moved ahead 13.98 to 1,529.38, for a two-day advance of 3.21 per cent.

Buying was mostly selective with volume thin. Investors were aggressive in purchasing San Miguel "B" shares, which are open for purchase by Filipinos and foreigners, pushing the price up to 142 pesos from the previous 140.

SEOUL saw heavy demand by institutional and foreign investors for large-capitalisation shares, taking the composite index forward 7.87 to 697.11 as turnover expanded to Won673.74bn.

AUSTRALIA languished as investors became cautious ahead of the Easter break. The All Ordinaries index lost 12.2 to 1,658.3, the lowest close since a post-election plunge left it at 1,626.4 on March 15.

Speculative trade boosted volume in miners, although diamond miner Striker Resources dipped 2 cents to 12 cents with 1.42m shares changing hands.

HONG KONG encountered profit-taking by local investors which brought the Hang Seng index 63.61 down to 6,340.83 in turnover of HK$2.46bn.

Emperor International Holdings' rights issue and placement totalling HK$377m left the shares 20 cents, or 27 per cent, weaker at 53 cents.

Cheung Kong and Hutchison Whampoa met selling pressure on fears of possible cash calls. Cheung Kong fell 40 cents to HK$22.20 and Hutchison eased 10 cents to HK$17.10.

KUALA LUMPUR retreated after early gains to close mixed on profit-taking, which left the composite index 0.24 lower at 655.89. Volume of 577.81m shares compared with Monday's record 884.14m.

SOUTH AFRICA was closed for a public holiday.

Turkey sets another record high

ISTANBUL continued its record-breaking ways, closing 3 per cent higher yesterday for a cumulative rise of 19.2 per cent since Monday of last week. The market index climbed 196.47 to its third consecutive all-time peak of 6,740.58.

Mr Stuart Harley of Schroders in London said that the strong performance was the result of a big inflow of cash as investors returned after the Ramadan holiday.

He added that the market's gains this year followed moves to lower short-term interest rates as the government attempted to lengthen the maturity of its debt.

Equity investments had also benefited from new favourable tax treatment for mutual funds which kept more than 25 per cent of their investments in shares.

The new investable index price series on emerging markets from the International Finance Corporation show that, in dollar terms, a 9.2 per cent fall in March still left the Turkish market with a 32.1 per cent gain for the first three months of this year.

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT-Actuaries World indices as at MARCH 31, 1993 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter.
The percentage change for each Dollar index value since the end of the calendar year is also provided.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	Market capitalisation as at MARCH 31, 1993 (US$m)	% of World Index	Market capitalisation as at DECEMBER 31, 1992 (US$m)	% of World Index	% change in $ index since DECEMBER 31, 1992
Australia (68)	107176.6	1.37	96564.3	1.34	+10.02
Austria (18)	9861.5	0.13	9688.6	0.13	+1.78
Belgium (42)	56425.1	0.72	49200.4	0.68	+14.60
Canada (113)	136258.3	1.74	127864.4	1.78	+6.67
Denmark (33)	24917.5	0.32	22638.3	0.32	+10.06
Finland (23)	9464.2	0.12	1424.8	0.02	+12.35
France (98)	270100.3	3.45	234315.7	3.26	+12.17
Germany (62)	264841.2	3.38	238480.5	3.32	+10.41
Hong Kong (55)	124357.7	1.59	103609.8	1.44	+15.88
Ireland (16)	10159.8	0.13	8589.0	0.12	+18.25
Italy (73)	77188.3	0.98	77353.0	1.08	+0.87
Japan (471)	2167381.8	27.65	1826976.4	25.43	+18.57
Malaysia (69)	44007.0	0.56	40861.7	0.57	+7.17
Mexico (18)	45162.7	0.58	45046.1	0.63	+0.26
Netherland (24)	124364.7	1.59	110946.5	1.54	+11.90
New Zealand (13)	11454.1	0.15	10571.7	0.15	+7.81
Norway (22)	6853.1	0.09	6060.1	0.08	+13.03
Singapore (38)	25408.8	0.32	24060.4	0.33	+5.28
South Africa (60)	70124.0	0.89	58863.8	0.82	+18.97
Spain (46)	72207.3	0.92	63922.9	0.89	+12.73
Sweden (36)	58120.0	0.74	49393.2	0.69	-4.40
Switzerland (56)	152253.0	1.94	146086.3	2.03	+4.48
United Kingdom (226)	772938.1	9.86	757019.8	10.54	+1.48
USA (522)	3196720.3	40.79	3074287.2	42.79	+3.62
Europe (775)	1909694.2	24.37	1775119.0	24.71	+5.78
Nordic (114)	99354.8	1.27	79516.4	1.11	+1.45
Pacific Basin (714)	2479786.1	31.64	2102644.3	29.27	+17.61
Euro-Pacific (1489)	4389480.3	56.00	3877763.3	53.98	+12.16
North America (635)	3332978.5	42.52	3202151.6	44.57	+3.75
Europe Ex. UK (549)	1136756.1	14.50	1018099.2	14.17	+8.92
Pacific Ex. Japan (243)	312404.3	3.99	275668.0	3.84	+11.36
World Ex. US (1680)	4641025.3	59.21	4109537.6	57.21	+11.95
World Ex. UK (1976)	7064807.4	90.14	6426805.1	89.46	+9.21
World Ex. So. Af. (2142)	7767621.5	99.11	7124961.0	99.18	+8.31
World Ex. Japan (1731)	5670363.8	72.35	5356848.4	74.57	+4.96
The World Index (2202)	7837745.5	100.00	7183824.8	100.00	+8.40

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 5 1993								FRIDAY APRIL 2 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (68)	137.18	-0.4	133.72	98.47	113.80	129.93	-0.8	3.80	137.71	134.54	99.37	114.91	130.98	141.00	117.39	143.98
Austria (18)	142.21	-0.1	138.62	102.07	117.96	117.98	+0.1	1.92	142.30	139.02	102.68	118.74	117.81	150.96	131.16	169.13
Belgium (42)	153.41	-0.2	149.54	110.11	127.25	124.47	-0.6	4.66	153.71	150.17	110.90	128.26	125.28	153.71	131.19	139.37
Canada (110)	122.79	+0.2	119.69	88.13	101.84	112.25	+0.3	2.96	122.55	119.73	88.42	102.26	111.90	125.97	111.41	128.52
Denmark (33)	208.14	+0.4	202.89	149.40	172.65	173.61	-0.3	1.32	207.26	202.49	149.55	172.95	174.07	210.28	185.11	232.15
Finland (23)	79.74	-0.1	77.72	57.23	66.14	97.22	+0.3	1.28	79.83	77.99	57.60	66.61	96.92	79.83	65.50	76.29
France (98)	163.06	+0.0	158.94	117.03	135.24	138.44	-0.7	3.21	163.04	159.29	117.64	136.04	139.45	165.09	142.72	159.16
Germany (62)	114.74	+0.7	111.85	82.37	95.18	95.18	+0.1	2.23	114.00	111.38	82.27	95.12	95.12	115.03	101.59	120.76
Hong Kong (55)	256.25	+0.0	249.78	183.93	212.57	254.31	+0.0	3.64	256.20	250.31	184.86	213.79	254.31	262.08	218.82	203.57
Ireland (15)	157.03	-0.8	153.06	112.71	130.26	145.33	-1.2	3.64	158.35	154.71	114.26	132.14	147.13	161.39	129.28	154.56
Italy (73)	56.14	+1.2	54.72	40.29	46.56	68.51	+0.7	3.03	55.48	54.20	40.03	46.29	68.08	64.28	53.78	72.69
Japan (470)	136.89	+2.0	133.44	98.26	113.57	98.26	+1.5	0.85	134.14	131.06	96.79	111.95	96.79	136.89	100.75	98.28
Malaysia (69)	289.04	+1.3	281.74	207.46	239.75	288.26	+1.2	2.33	285.44	278.88	205.96	238.18	284.78	289.04	251.66	234.92
Mexico (18)	1623.00	-0.8	1582.02	1164.94	1346.28	5489.44	-0.8	1.09	1635.57	1597.94	1180.16	1364.78	5531.06	1725.81	1410.30	1685.09
Netherland (24)	169.76	+0.3	165.47	121.85	140.82	138.96	-0.3	4.07	169.32	165.43	122.18	141.29	139.41	169.95	150.39	153.69
New Zealand (13)	45.91	+0.0	44.75	32.95	38.08	45.74	-0.4	4.78	45.91	44.86	33.13	38.31	45.90	47.03	40.56	43.22
Norway (22)	154.35	+0.2	150.45	110.79	128.04	142.36	-0.3	1.85	154.02	150.48	111.14	128.52	142.78	156.66	137.71	170.35
Singapore (38)	229.12	+1.5	223.33	164.46	190.05	171.58	+0.6	1.96	225.68	220.48	162.84	188.31	170.50	229.12	207.04	198.66
South Africa (60)	178.09	+0.5	173.59	127.82	147.72	177.11	+0.8	2.84	177.22	173.15	127.87	147.88	175.67	178.09	144.72	230.33
Spain (45)	130.46	+0.6	127.16	93.64	108.21	112.72	-0.2	5.37	129.64	126.66	93.55	108.18	112.90	131.62	115.23	149.03
Sweden (36)	163.24	-0.4	159.12	117.17	135.41	182.81	-0.8	1.84	163.82	160.05	118.21	135.70	183.95	168.80	149.70	187.91
Switzerland (56)	118.70	+0.1	115.71	85.21	98.48	108.73	-0.5	2.00	118.61	115.88	85.59	98.99	109.24	118.71	108.91	99.87
United Kingdom (219)	174.38	-0.8	169.98	125.15	144.64	169.98	-1.0	4.06	175.78	171.73	126.82	146.66	171.73	177.17	162.00	187.70
USA (519)	180.56	+0.2	176.00	129.60	149.78	180.56	+0.2	2.81	180.20	176.06	130.03	150.37	180.20	186.27	175.38	165.40
Europe (766)	143.73	-0.2	140.10	103.16	119.23	131.71	-0.6	3.40	143.95	140.63	103.87	120.12	132.50	144.90	133.92	142.34
Nordic (114)	154.00	-0.1	150.11	110.54	127.75	150.43	-0.4	1.66	154.16	150.61	111.24	128.64	151.06	154.48	142.13	173.99
Pacific Basin (713)	140.29	+1.8	136.75	100.70	116.37	103.92	+1.3	1.15	137.77	134.60	99.41	114.96	102.56	140.29	105.69	103.49
Euro-Pacific (1479)	141.58	+1.0	138.00	101.61	117.43	115.66	+0.5	2.08	140.18	136.95	101.14	116.96	115.08	141.58	117.26	119.24
North America (629)	176.96	+0.2	172.49	127.03	146.81	175.92	+0.2	2.82	176.62	172.55	127.45	147.40	175.56	182.38	171.51	163.07
Europe Ex. UK (547)	124.63	+0.3	121.48	89.47	103.40	110.18	-0.3	2.96	124.27	121.41	89.69	103.72	110.51	124.99	112.51	126.10
Pacific Ex. Japan (243)	174.04	+0.2	169.65	124.94	144.38	159.45	-0.1	3.41	173.73	169.73	125.38	144.98	159.54	174.52	152.70	154.87
World Ex. US (1667)	142.23	+1.0	138.64	102.10	117.98	117.60	+0.5	2.11	140.89	137.65	101.67	117.57	117.00	142.23	118.51	121.82
World Ex. UK (1967)	152.16	+0.6	148.32	109.23	126.23	133.68	+0.5	2.21	150.94	147.47	108.92	125.96	132.97	152.16	134.22	132.54
World Ex. So. Af. (2126)	154.07	+0.7	150.18	110.60	127.81	136.62	+0.4	2.38	153.06	149.54	110.46	127.73	136.10	154.07	137.29	134.98
World Ex. Japan (1716)	164.97	+0.1	160.81	118.42	136.87	158.59	-0.1	3.04	164.85	161.06	118.96	137.58	158.72	167.11	157.47	156.53
The World Index (2186)	154.12	+0.7	150.23	110.63	127.85	137.01	+0.4	2.38	153.12	149.60	110.49	127.78	136.48	154.12	137.32	135.60

Latest prices were unavailable for this edition. Hong Kong market closed April 5.